

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

SAVANNAH, GEORGIA

**FINANCIAL STATEMENTS
WITH
AUDITOR'S REPORT**

JUNE 30, 2019

CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1-2
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7-10
Schedule of Expenses – Actual vs. Budget Year Ended June 30, 2019	11
Schedule of Expenses – Actual vs. Budget Year Ended June 30, 2018	12

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, 2019 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, 2019, 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, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 19, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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, 2019 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, Hodges, Cairnes & Richburg, LLP

October 29, 2019

CHATHAM COUNTY SAFETY NET PLANNING COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	712,689	738,507
Investments	614,917	595,827
Accounts receivable	114,933	127,802
Prepaid expenses	9,479	15,410
Total current assets	<u>1,452,018</u>	<u>1,477,546</u>
Property and equipment		
Equipment	11,601	47,032
Less - accumulated depreciation	<u>(4,809)</u>	<u>(41,367)</u>
Total property and equipment	<u>6,792</u>	<u>5,665</u>
Total Assets	<u><u>1,458,810</u></u>	<u><u>1,483,211</u></u>
 <u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	24,681	43,631
Payroll liabilities	<u>1,928</u>	<u>2,938</u>
Total current liabilities	<u>26,609</u>	<u>46,569</u>
Net assets		
Net assets without donor restrictions:		
Undesignated	953,587	934,005
Designated for operating reserve	475,000	475,000
Net assets with donor restrictions	<u>3,614</u>	<u>27,637</u>
Total net assets	<u>1,432,201</u>	<u>1,436,642</u>
Total Liabilities and Net Assets	<u><u>1,458,810</u></u>	<u><u>1,483,211</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, 2019 AND 2018

	2019			2018		
	<u>Without donor Restrictions</u>	<u>With donor Restrictions</u>	<u>Total</u>	<u>Without donor Restrictions</u>	<u>With donor Restrictions</u>	<u>Total</u>
Changes in Net Assets :						
Support and Revenues						
Local grants	435,422	-	435,422	590,144	-	590,144
Federal grants	8,500	-	8,500	279,136	-	279,136
State grants	119,602	-	119,602	62,934	-	62,934
Conference registration fees	55,250	-	55,250	81,702	-	81,702
Contributions	34,625	50,000	84,625	26,365	51,500	77,865
Investment income	12,997	-	12,997	7,930	-	7,930
Unrealized gain (loss) on investments	7,150	-	7,150	(5,080)	-	(5,080)
Loss on sale of equipment	(423)	-	(423)	-	-	-
Net assets released from restrictions	74,023	(74,023)	-	23,863	(23,863)	-
Total support and revenues	<u>747,146</u>	<u>(24,023)</u>	<u>723,123</u>	<u>1,066,994</u>	<u>27,637</u>	<u>1,094,631</u>
Expenses						
Program services	610,235	-	610,235	841,047	-	841,047
Supporting services						
Administration	117,329	-	117,329	112,401	-	112,401
Total expenses	<u>727,564</u>	<u>-</u>	<u>727,564</u>	<u>953,448</u>	<u>-</u>	<u>953,448</u>
Increase in net assets	19,582	(24,023)	(4,441)	113,546	27,637	141,183
Net assets - beginning of year	<u>1,409,005</u>	<u>27,637</u>	<u>1,436,642</u>	<u>1,295,459</u>	<u>-</u>	<u>1,295,459</u>
Net assets - end of year	<u><u>1,428,587</u></u>	<u><u>3,614</u></u>	<u><u>1,432,201</u></u>	<u><u>1,409,005</u></u>	<u><u>27,637</u></u>	<u><u>1,436,642</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, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	PROGRAM SERVICES							Totals	
	HIE Chatham County Indigent Care	ASIST Suicide Intervention Skills	Medicaid Enrollment	CHIPRA Program	Other Programs	Total Program Services	SUPPORTING SERVICES Administration	2019	2018
Salaries	94,549	23,594	-	6,626	126,886	251,655	42,846	294,501	338,466
Employee benefits	7,153	3,746	-	748	13,241	24,888	4,069	28,957	30,066
Payroll taxes	7,551	1,731	-	492	10,595	20,369	3,364	23,733	27,187
Travel / training	15,257	11,611	-	585	5,583	33,036	1,812	34,848	30,278
Contracted services	203,979	11,600	-	-	7,420	222,999	26,401	249,400	302,653
Subgrants	-	-	16,380	2,925	-	19,305	-	19,305	89,177
Communications	3,696	5,406	-	-	800	9,902	1,747	11,649	17,866
Postage	-	-	-	-	-	-	2	2	893
Supplies and materials	4,133	222	-	-	154	4,509	1,317	5,826	31,449
Publications/printing	1,388	-	-	-	2,382	3,770	243	4,013	7,935
Depreciation	-	-	-	-	-	-	1,946	1,946	3,485
Insurance and bonding	1,596	-	-	-	-	1,596	12,388	13,984	25,363
Building rent	-	-	-	-	-	-	14,033	14,033	13,624
Expendable equipment and software	5,200	-	-	-	-	5,200	-	5,200	3,921
Other	3,480	7,227	-	-	2,299	13,006	7,161	20,167	31,085
Total expenses	347,982	65,137	16,380	11,376	169,360	610,235	117,329	727,564	953,448

The accompanying notes are an integral part of these financial statements
(5)

CHATHAM COUNTY SAFETY NET PLANNING COUNCIL, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from (for) operating activities		
Increase in net assets	(4,441)	141,183
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	1,946	3,485
Unrealized (gain) loss on investments	(7,150)	5,080
Loss on disposal of equipment	422	-
Changes in operating assets and liabilities:		
Accounts receivable	12,869	(19,118)
Prepaid expenses	5,931	(254)
Accounts payable	(18,950)	(38,870)
Payroll liabilities	(1,010)	(4,165)
Net cash provided by (used for) operating activities	<u>(10,383)</u>	<u>87,341</u>
 Cash flows for investing activities		
Purchase of investments	-	(600,000)
Investment income reinvested	(11,940)	(907)
Purchase of equipment	(3,995)	(2,638)
Sale of equipment	500	-
Net cash used for investing activities	<u>(15,435)</u>	<u>(603,545)</u>
 Net decrease in cash and cash equivalents	(25,818)	(516,204)
 Beginning cash and cash equivalents	<u>738,507</u>	<u>1,254,711</u>
 Ending cash and cash equivalents	<u><u>712,689</u></u>	<u><u>738,507</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, 2019

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.

Recent Accounting Pronouncements – On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Safety Net has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

A recap of the net asset reclassifications driven by the adoption of ASU-2016-14 as of June 30, 2018, follows:

	ASU 2016-14 Classifications		
	Without donor restrictions	With donor restrictions	Total Net Assets
Net Assets Classifications			
As previously presented:			
Unrestricted	1,409,005	-	1,409,005
Temporarily Restricted	-	27,637	27,637
Permanently Restricted	-	-	-
Net assets as previously presented	<u>1,409,005</u>	<u>27,637</u>	<u>1,436,642</u>

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.

Liquidity Management - As part of the Safety Net's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Safety Net also operates with a balanced budget and anticipates covering its general expenditures with grants and other contributions. To help manage unanticipated liquidity needs, Safety Net has established a designated operating reserve of \$475,000, discussed in Note 6.

CHATHAM COUNTY SAFETY NET PLANNING COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

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 either without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions 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

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, 2019, the tax years that remain subject to examination by taxing authorities begin with the fiscal year ending June 30, 2016.

Basis of Presentation - The organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions or net assets with donor restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as revenue without donor restrictions.

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
JUNE 30, 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

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, 2019, Safety Net's cash balances exceeded insured limits by \$462,639. 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 29, 2019, 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.

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 \$7,508 for the year ended June 30, 2019.

CHATHAM COUNTY SAFETY NET PLANNING COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 6 –Net Assets without Donor Restrictions – Designated -Operating Reserve

In the fiscal year ending June 30, 2018, the Board of Directors 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, 2019, which approximates six-months of average recurring operating costs.

Note 7 - Net Assets with Donor Restrictions

Temporarily restricted net assets are available for the following at June 30, 2019:

Mobile enrollment assistor for Coastal Campaign for Healthy Kids	\$ <u>3,614</u>
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CHATHAM COUNTY SAFETY NET PLANNING COUNCIL, INC.
SCHEDULE OF EXPENSES - ACTUAL VS. BUDGET
YEAR ENDED JUNE 30, 2019

Expenses:	Total Actual Expenses	Budget	Variance- Favorable (Unfavorable)
Salaries	294,501	371,124	76,623
Employee benefits	28,957	53,338	24,381
Taxes and licenses	23,733	32,009	8,276
Travel / training	34,848	31,631	(3,217)
Contracted services	249,400	363,675	114,275
Subgrants	19,305	35,070	15,765
Communications	11,649	10,900	(749)
Postage	2	480	478
Supplies and materials	5,826	6,850	1,024
Publications/printing	4,013	6,600	2,587
Depreciation	1,946	-	(1,946)
Insurance and bonding	13,984	28,550	14,566
Building rent	14,033	13,800	(233)
Expendable equipment and software	5,200	11,600	6,400
Other	20,167	28,933	8,766
Total expenses	<u>727,564</u>	<u>994,560</u>	<u>266,996</u>

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	<u>953,448</u>	<u>1,137,887</u>	<u>184,439</u>