

SOUTHWEST GEORGIA CANCER COALITION, INC.

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FINANCIAL STATEMENTS

for the years ended June 30, 2011 and 2010

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Southwest Georgia Cancer Coalition, Inc.  
Albany, Georgia

We have audited the accompanying statements of financial position of Southwest Georgia Cancer Coalition, Inc. as of June 30, 2011 and 2010, and the related statements of revenue and support, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 audit 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 provide 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 the Southwest Georgia Cancer Coalition, Inc. as of June 30, 2011 and 2010, and the changes in net assets, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Draffin & Tucker, LLP*

Albany, Georgia  
November 3, 2011

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**P.O. BOX 6**  
**2617 GILLIONVILLE ROAD**  
**ALBANY, GEORGIA 31702-0006**  
**(229) 883-7878**  
**FAX (229) 435-3152**

**PARTNERS:**  
LINTON A. HARRIS, CPA  
STEPHEN M. BEDSOLE, CPA  
CYNTHIA R. DUPREE, CPA  
JIM L. CREAMER, SR., CPA  
JEFFREY S. WRIGHT, CPA  
MILES V. ESPY, SR., CPA  
MICHAEL L. REESE, CPA

SANDRA D. CANNON, CPA  
WILSON E. JOINER, III, CPA  
C. BERT BENNETT, CPA  
CHARLES R. HORNE, CPA  
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SOUTHWEST GEORGIA CANCER COALITION, INC.

STATEMENTS OF FINANCIAL POSITION  
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash	\$ 1,133,137	\$ 1,026,557
Unconditional promises to give	<u>64,446</u>	<u>220,643</u>
Total current assets	1,197,583	1,247,200
Property and equipment, net	<u>40,455</u>	<u>53,493</u>
Total assets	\$ <u>1,238,038</u>	\$ <u>1,300,693</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ <u>1,260</u>	\$ <u>53,684</u>
Net assets:		
Unrestricted net assets	1,204,468	1,163,322
Temporarily restricted net assets	<u>32,310</u>	<u>83,687</u>
Total net assets	<u>1,236,778</u>	<u>1,247,009</u>
Total liabilities and net assets	\$ <u>1,238,038</u>	\$ <u>1,300,693</u>

The independent auditor's report and accompanying notes  
are an integral part of this financial statement.

SOUTHWEST GEORGIA CANCER COALITION, INC.

STATEMENTS OF REVENUE AND SUPPORT, EXPENSES,  
AND CHANGES IN NET ASSETS  
for the years ended June 30, 2011 and 2010

	2011		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support:			
Contributions	\$ 529,555	\$ -	\$ 529,555
Grants	-	429,231	429,231
Net assets released from restrictions	<u>480,608</u>	<u>(480,608)</u>	<u>-</u>
Total revenue and support	<u>1,010,163</u>	<u>( 51,377)</u>	<u>958,786</u>
Expenses:			
Program	720,341	-	720,341
Management and general	238,562	-	238,562
Fundraising	<u>14,116</u>	<u>-</u>	<u>14,116</u>
Total expenses	<u>973,019</u>	<u>-</u>	<u>973,019</u>
Operating income (loss)	37,144	( 51,377)	( 14,233)
Other income:			
Investment income	<u>4,002</u>	<u>-</u>	<u>4,002</u>
Change in net assets	41,146	( 51,377)	( 10,231)
Net assets, beginning of year	<u>1,163,322</u>	<u>83,687</u>	<u>1,247,009</u>
Net assets, end of year	\$ <u>1,204,468</u>	\$ <u>32,310</u>	\$ <u>1,236,778</u>

2010		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 530,775	\$ -	\$ 530,775
-	524,023	524,023
<u>581,350</u>	<u>(581,350)</u>	<u>-</u>
<u>1,112,125</u>	<u>( 57,327)</u>	<u>1,054,798</u>
656,530	-	656,530
220,275	-	220,275
<u>28,996</u>	<u>-</u>	<u>28,996</u>
<u>905,801</u>	<u>-</u>	<u>905,801</u>
206,324	( 57,327)	148,997
<u>2,696</u>	<u>-</u>	<u>2,696</u>
209,020	( 57,327)	151,693
<u>954,302</u>	<u>141,014</u>	<u>1,095,316</u>
<u>\$ 1,163,322</u>	<u>\$ 83,687</u>	<u>\$ 1,247,009</u>

The independent auditor's report and accompanying notes  
are an integral part of this financial statement.

SOUTHWEST GEORGIA CANCER COALITION, INC.

STATEMENTS OF CASH FLOWS  
for the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$( 10,231)	\$ 151,693
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation and amortization	18,135	17,594
Changes in:		
Unconditional promises to give	156,197	( 37,801)
Accounts payable	( <u>52,424</u> )	<u>2,168</u>
Net cash provided by operating activities	<u>111,677</u>	<u>133,654</u>
Cash flows from investing activities:		
Purchase of property and equipment	( 5,097)	( 44,598)
Sale of internally designated assets	<u>-</u>	<u>10,296</u>
Net cash used by investing activities	( <u>5,097</u> )	( <u>34,302</u> )
Increase in cash	106,580	99,352
Cash, beginning of year	<u>1,026,557</u>	<u>927,205</u>
Cash, end of year	\$ <u><u>1,133,137</u></u>	\$ <u><u>1,026,557</u></u>

The independent auditor's report and accompanying notes  
are an integral part of this financial statement.

SOUTHWEST GEORGIA CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

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1. Summary of Significant Accounting Policies

Organization

Southwest Georgia Cancer Coalition, Inc. (Organization) is organized pursuant to the Georgia Nonprofit Corporation Code (the Code). The Organization operates exclusively for charitable, educational, scientific, and benevolent purposes in connection with cancer research as authorized by the Code and within the restrictions of Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

These financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into two classes – temporarily restricted, or unrestricted as follows:

- Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.
- Unrestricted Net Assets – Net assets which represent resources generated from operations or that are not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenditures are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Expirations or restrictions on gifts of long-lived assets or assets to be used to purchase long-lived assets are reported as reclassifications when the long-lived assets are placed in service.

Continued



SOUTHWEST GEORGIA CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

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1. Summary of Significant Accounting Policies, Continued

Gifts, Contributions and Grants

Contributions, including unconditional promises to give, are recognized as revenues in the period the pledge is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. The Organization had unconditional promises to give in less than one year of \$64,446 and \$220,643 during 2011 and 2010, respectively.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method.

Income Taxes

The Organization is a not-for-profit corporation that has been recognized as tax-exempt pursuant to Section 501(c)3 of the Internal Revenue Code.

The Organization applies accounting policies that prescribe when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by the relevant taxing jurisdictions, those income tax positions would be sustained. Based on that evaluation, the Organization only recognizes the maximum benefit of each income tax position that is more than 50% likely of being sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses.

Based on the results of management's evaluation, no liability is recognized in the accompanying balance sheet for unrecognized income tax positions. Further, no interest or penalties have been accrued or charged to expense as of June 30, 2011 and 2010 or for the years then ended. The Organization's open audit periods are for tax years ended 2008-2010.

Continued

SOUTHWEST GEORGIA CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

1. Summary of Significant Accounting Policies, Continued

Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 3, 2011, the date the financial statements were available to be issued.

2. Property and Equipment

A summary of property and equipment at June 30, 2011 and 2010 follows:

	<u>2011</u>	<u>2010</u>
Major moveable equipment	\$ 106,675	\$ 102,083
Less accumulated depreciation	<u>66,220</u>	<u>48,590</u>
Total property and equipment	\$ <u>40,455</u>	\$ <u>53,493</u>

Depreciation expense for the years ended June 30, 2011 and 2010 amounted to \$18,135 and \$17,954, respectively.

3. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
DHR Tobacco Disparities	\$ -	\$ 45,544
Cancer Care Grants	20,885	22,385
GCC Tissue Bank	10,031	7,091
Other	<u>1,394</u>	<u>8,667</u>
Total	\$ <u>32,310</u>	\$ <u>83,687</u>

Continued

SOUTHWEST GEORGIA CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

4. Related Party Transactions

The Organization's Board of Directors includes the Chief Executive Officers of Archbold Medical Center, Phoebe Putney Memorial Hospital, South Georgia Medical Center, and Tift Regional Medical Center.

The following schedule shows the receivables and revenues from the related party hospitals for the years ended June 30, 2011 and 2010:

	<u>Receivables for 6/30/11</u>	<u>Revenue for 6/30/11</u>	<u>Receivables for 6/30/10</u>	<u>Revenue for 6/30/10</u>
Archbold Medical Center	\$ -	\$ 83,333	\$ -	\$ 83,333
Phoebe Putney Memorial Hospital	-	250,000	62,500	250,000
South Georgia Medical Center	20,833	83,333	-	83,333
Tift Regional Medical Center	<u>-</u>	<u>83,334</u>	<u>20,833</u>	<u>83,334</u>
Total	\$ <u>20,333</u>	\$ <u>500,000</u>	\$ <u>83,333</u>	\$ <u>500,000</u>

The Organization has no employees. All employees are provided through Phoebe Putney Memorial Hospital (Phoebe) on an expense reimbursement basis. Under this arrangement, Phoebe is responsible for all payroll, benefits and related costs. As part of this arrangement, employees are eligible to participate in certain employee benefit plans sponsored by Phoebe. The Organization recorded salary and benefit expenses from this arrangement of \$784,511 and \$651,075 during 2011 and 2010, respectively.

5. Concentrations of Credit Risk

At June 30, 2011, the Organization had no deposits at major financial institutions which exceeded the \$250,000 Federal Deposit Insurance Corporation limit.



## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL DATA

The Board of Directors  
Southwest Georgia Cancer Coalition, Inc.  
Albany, Georgia

Our report on our audits of the basic financial statements of Southwest Georgia Cancer Coalition, Inc. as of June 30, 2011 and 2010 and for the years then ended appears on page 1. Those audits were performed for the purpose of forming an opinion on the basic financial statements, taken as a whole, shown on pages 2 to 9 of this report. The information included in this report on page 11, inclusive, is presented for purposes of additional analysis of the financial statements and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Draffin & Tucker, LLP*  
Albany, Georgia  
November 3, 2011

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**P.O. BOX 6**  
**2617 GILLIONVILLE ROAD**  
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SOUTHWEST GEORGIA CANCER COALITION, INC.

SCHEDULE OF STATE OF GEORGIA AWARDS EXPENDED  
for the year ended June 30, 2011

<u>State Grant/ Program Title</u>	<u>Contract Number</u>	<u>Total Awarded</u>	<u>Total State Paid</u>	<u>Total Expended</u>
Department of Community Health - Prostate and Colorectal	41900-032-11110237	\$ 25,500	\$ 25,500	\$ 25,500
Department of Human Resources – 10-11 Tobacco Disparities		50,000	-	45,544
Department of Community Health - 10-11 Tobacco Disparities		3,000	3,000	3,000
Georgia Cancer Coalition Development of Tumor, Tissue, and Serum Repository	GCC-332	20,000	20,000	9,969
Georgia Cancer Coalition – State Funding FY 11	GCC-323	<u>211,500</u>	<u>211,500</u>	<u>211,500</u>
		\$ <u>310,000</u>	\$ <u>260,000</u>	\$ <u>295,513</u>

See independent auditor’s report on supplemental data.