

HORIZONS COMMUNITY SOLUTIONS, INC.



FINANCIAL STATEMENTS

for the years ended June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Horizons Community Solutions, Inc.
Albany, Georgia

We have audited the accompanying financial statements of Horizons Community Solutions, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of revenue and support, expenses, and changes in net assets 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 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 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 Organization'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 Organization'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.

Continued

Let's Think Together.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Horizons Community Solutions, Inc. as of June 30, 2019 and 2018, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization adopted new accounting guidance, Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

Driffin & Tucker, LLP

Albany, Georgia

December 6, 2019

HORIZONS COMMUNITY SOLUTIONS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 679,338	\$ 862,254
Grants receivable	<u>95,184</u>	<u>81,735</u>
Total current assets	774,522	943,989
Property and equipment, net	<u>2,568</u>	<u>888</u>
Total assets	\$ <u>777,090</u>	\$ <u>944,877</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ <u>37,817</u>	\$ <u>31,601</u>
Net assets:		
Net assets without donor restrictions	660,588	831,176
Net assets with donor restrictions	<u>78,685</u>	<u>82,100</u>
Total net assets	<u>739,273</u>	<u>913,276</u>
Total liabilities and net assets	\$ <u>777,090</u>	\$ <u>944,877</u>

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

HORIZONS COMMUNITY SOLUTIONS, INC.

STATEMENTS OF REVENUE AND SUPPORT, EXPENSES,
AND CHANGES IN NET ASSETS
for the years ended June 30, 2019 and 2018

	2019		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 271,853	\$ 6,850	\$ 278,703
Grants	-	648,613	648,613
Net assets released from restrictions	<u>658,878</u>	<u>(658,878)</u>	<u>-</u>
Total revenue and support	<u>930,731</u>	<u>(3,415)</u>	<u>927,316</u>
Expenses:			
Program	829,215	-	829,215
Management and general	183,749	-	183,749
Fundraising	<u>94,731</u>	<u>-</u>	<u>94,731</u>
Total expenses	<u>1,107,695</u>	<u>-</u>	<u>1,107,695</u>
Operating loss	(176,964)	(3,415)	(180,379)
Other income:			
Interest income	<u>6,376</u>	<u>-</u>	<u>6,376</u>
Change in net assets	(170,588)	(3,415)	(174,003)
Net assets, beginning of year	<u>831,176</u>	<u>82,100</u>	<u>913,276</u>
Net assets, end of year	\$ <u><u>660,588</u></u>	\$ <u><u>78,685</u></u>	\$ <u><u>739,273</u></u>

2018		
<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
\$ 315,591	\$ 57,631	\$ 373,222
-	454,959	454,959
<u>529,479</u>	<u>(529,479)</u>	<u>-</u>
<u>845,070</u>	<u>(16,889)</u>	<u>828,181</u>
796,812	-	796,812
141,994	-	141,994
<u>62,013</u>	<u>-</u>	<u>62,013</u>
<u>1,000,819</u>	<u>-</u>	<u>1,000,819</u>
(155,749)	(16,889)	(172,638)
<u>3,873</u>	<u>-</u>	<u>3,873</u>
(151,876)	(16,889)	(168,765)
<u>983,052</u>	<u>98,989</u>	<u>1,082,041</u>
<u>\$ 831,176</u>	<u>\$ 82,100</u>	<u>\$ 913,276</u>

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

HORIZONS COMMUNITY SOLUTIONS, INC.

STATEMENTS OF CASH FLOWS
for the years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$(174,003)	\$(168,765)
Adjustments to reconcile the change in net assets to net cash used by operating activities:		
Depreciation	494	1,995
Changes in:		
Grants receivable	(13,449)	52,899
Accounts payable	<u>6,216</u>	<u>2,306</u>
Net cash used by operating activities	(180,742)	(111,565)
Cash flows from investing activities:		
Purchase of property and equipment	(<u>2,174</u>)	<u>-</u>
Net decrease in cash	(182,916)	(111,565)
Cash, beginning of year	<u>862,254</u>	<u>973,819</u>
Cash, end of year	\$ <u><u>679,338</u></u>	\$ <u><u>862,254</u></u>

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

HORIZONS COMMUNITY SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

1. Summary of Significant Accounting Policies

Organization

Horizons Community Solutions, Inc. (Organization) is organized pursuant to the Georgia Nonprofit Organization Code (Code). Prior to July 1, 2016, the Organization was known as Cancer Coalition of South Georgia, Inc. The Organization operates exclusively to strengthen communities and empower people to lead healthy and productive lives as authorized by the Code and within the restrictions of Section 501(c)(3) of the Internal Revenue Code. The Organization's primary sources of revenue are from state agencies, related party hospitals, fundraising programs, and private contributions.

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 – net assets with donor restrictions, or net assets without donor restrictions as follows:

- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.
- *Net Assets Without Donor Restrictions* – Net assets which represent resources available for operations and not subject to donor-imposed stipulations.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenditures are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions 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 released from restrictions when the long-lived assets are placed in service.

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HORIZONS COMMUNITY SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2019 and 2018

1. Summary of Significant Accounting Policies, Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

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 grants receivable due in less than one year of \$95,184 and \$81,735 during 2019 and 2018, respectively. The Organization considers all accounts, grants and pledges receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. Management closely monitors outstanding balances throughout the year, and writes off to expense all balances that are considered uncollectible. Grants receivable consist of amounts awarded but not yet paid and due within the next year. At June 30, 2019, two donors account for 77% of grants receivable.

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 Organization 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

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HORIZONS COMMUNITY SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2019 and 2018

1. Summary of Significant Accounting Policies, Continued

Income Taxes, Continued

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 statements of financial position for unrecognized income tax positions. Further, no interest or penalties have been accrued or charged to expense as of June 30, 2019 and 2018 or for the years then ended. The Organization's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Recently Adopted Accounting Pronouncement

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This comprehensive standard provides guidance on net asset classification and required disclosures on liquidity and availability of resources, requires expanded disclosure about expense and investment returns, and eliminates the requirement to present or disclose the indirect method reconciliation if using the direct method when presenting cash flows. The standard is effective for annual periods beginning after December 15, 2017. The Organization has adjusted the presentation of these financial statements for all periods presented, except for the disclosures around liquidity and availability of resources and analysis of expenses by nature and function. Those disclosures have been presented for 2019 only, as allowed by ASU No. 2016-14.

Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a new comprehensive revenue recognition standard. The new guidance, including subsequent amendments, is effective for the Organization as of July 1, 2019. The Organization is continuing to evaluate the impact the guidance will have on the financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update assists entities in determining when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. The Organization expects to adopt the new guidance for the year ending June 30, 2020 and is continuing to evaluate the impact the guidance will have on the financial statements.

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HORIZONS COMMUNITY SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2019 and 2018

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 December 6, 2019, the date the financial statements were available to be issued.

2. Property and Equipment

A summary of property and equipment at June 30, 2019 and 2018 follows:

	<u>2019</u>	<u>2018</u>
Major moveable equipment	\$ 108,868	\$ 106,694
Less accumulated depreciation	<u>(106,300)</u>	<u>(105,806)</u>
Total property and equipment	\$ <u>2,568</u>	\$ <u>888</u>

Depreciation expense for the years ended June 30, 2019 and 2018 amounted to \$494 and \$1,995, respectively.

3. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for community-based cancer services, education, research and outreach, and for infrastructure and patient support and are restricted for the following purposes at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Screening Program	\$ 75,772	\$ 75,351
Department of Public Health	-	5,373
Patient Assistance	195	620
Emory HIV Cancer Study	-	756
Emory HPV Substudy	<u>2,718</u>	<u>-</u>
Total	\$ <u>78,685</u>	\$ <u>82,100</u>

Continued

HORIZONS COMMUNITY SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2019 and 2018

4. Related Party Transactions

The Organization's Board of Directors includes the Chief Executive Officer of Phoebe Putney Memorial Hospital.

The following schedule shows the receivables and revenues from the related party hospital for the years ended June 30, 2019 and 2018:

	Receivables for 6/30/19	Revenue for 6/30/19	Receivables for 6/30/18	Revenue for 6/30/18
Phoebe Putney Memorial Hospital	\$ <u>36,563</u>	\$ <u>148,750</u>	\$ <u>37,500</u>	\$ <u>153,500</u>

The Organization has no employees. All employees were provided through TriNet. Under these arrangements TriNet is responsible for all payroll, benefits, and related costs. The Organization recorded salary and benefit expenses from these arrangements of \$706,265 and \$803,438 during 2019 and 2018, respectively.

5. Commitments and Contingencies

From time to time, the Organization may be involved in litigation arising in the course of business. It is anticipated that management will resolve such matters if and when they arise with consultation from legal counsel and without material adverse effect on the Organization's future financial position or results from operations.

6. Concentration of Credit Risk

The Organization maintains deposits with various financial institutions which may, at times, exceed federally insured limits. However, the Organization has not experienced any losses on such amounts nor does management believe these amounts are exposed to any significant credit risks.

Continued

HORIZONS COMMUNITY SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2019 and 2018

7. Liquidity and Availability

As of June 30, 2019, the Organization has working capital of approximately \$736,705.

Financial assets available for general expenditure within one year of the statement of financial position date, consists of the following at June 30, 2019:

Cash	\$ 679,338
Grants receivable	95,184
Less: Financial assets subject to donor restrictions	(78,685)
Total financial assets available	\$ <u>695,837</u>

None of the financial assets available are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Financial assets subject to donor restrictions are removed from the quantitative information above. The Organization has the ability to structure its financial assets to meet general expenditures, liabilities, and other obligations as they come due.

8. Functional Expenses

The Organization provides health services related to community health improvements, including chronic disease screening, education, research, and outreach, to the people of South Georgia. Expenses related to providing these services in 2019 are as follows:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 572,760	\$ 52,830	\$ 62,513	\$ 688,103
Supplies and other	146,771	91,559	28,669	266,999
Contract costs	109,684	38,866	3,549	152,099
Depreciation	<u>370</u>	<u>82</u>	<u>42</u>	<u>494</u>
	\$ <u>829,585</u>	\$ <u>183,337</u>	\$ <u>94,773</u>	\$ <u>1,107,695</u>

In 2018, the Organization had \$796,812 of program services, \$141,994 in management and general expenses, and \$62,013 of fundraising expenses.

The financial statements report certain expense categories that are attributable to more than one service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation and other occupancy costs, are allocated proportionately to the service and support functions. Benefit expense is allocated consistent with salaries.

INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTAL INFORMATION

The Board of Directors
Horizons Community Solutions, Inc.
Albany, Georgia

We have audited the financial statements of Horizons Community Solutions, Inc. as of and for the years ended June 30, 2019 and 2018, and our report thereon dated December 6, 2019, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information included in this report on page 14, inclusive, is presented for the purpose 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 audits 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.

Albany, Georgia
December 6, 2019

HORIZONS COMMUNITY SOLUTIONS, INC.

SCHEDULE OF STATE OF GEORGIA AWARDS EXPENDED
for the year ended June 30, 2019

<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 Public Health - CATAPULT Diabetes Prevention Program – FY 18	40500-031-0000016776	\$ -	\$ -	\$ 5,373
Department of Public Health - CATAPULT Diabetes Prevention Program – FY 19	40500-032-19192862	16,000	16,000	16,000
Department of Public Health – State Funding FY19	40500-032-19192788	360,948	360,948	360,948
Department of Community Health – Terrell County Adolescent Health Program Grant	17028G	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Total		\$ <u>401,948</u>	\$ <u>401,948</u>	\$ <u>407,321</u>

See independent auditor's report on supplemental information.