

CANCER COALITION OF SOUTH GEORGIA, INC.



FINANCIAL STATEMENTS

for the years ended June 30, 2012 and 2011

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Cancer Coalition of South Georgia, Inc. as of June 30, 2012 and 2011, 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 Cancer Coalition of South Georgia, Inc. as of June 30, 2012 and 2011, and the results of its operations, 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.

Driffin & Tucker, LLP
Albany, Georgia
October 26, 2012

CANCER COALITION OF SOUTH GEORGIA, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	\$ 1,124,782	\$ 1,133,137
Grants receivable	<u>202,250</u>	<u>64,446</u>
Total current assets	1,327,032	1,197,583
Property and equipment, net	<u>28,391</u>	<u>40,455</u>
Total assets	\$ <u><u>1,355,423</u></u>	\$ <u><u>1,238,038</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ <u>1,821</u>	\$ <u>1,260</u>
Net assets:		
Unrestricted net assets	1,308,265	1,204,468
Temporarily restricted net assets	<u>45,337</u>	<u>32,310</u>
Total net assets	<u>1,353,602</u>	<u>1,236,778</u>
Total liabilities and net assets	\$ <u><u>1,355,423</u></u>	\$ <u><u>1,238,038</u></u>

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

CANCER COALITION OF SOUTH GEORGIA, INC.

STATEMENTS OF REVENUE AND SUPPORT, EXPENSES,
AND CHANGES IN NET ASSETS
for the years ended June 30, 2012 and 2011

	2012		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support:			
Contributions	\$ 539,232	\$ -	\$ 539,232
Grants	-	799,124	799,124
Net assets released from restrictions	<u>786,097</u>	<u>(786,097)</u>	<u>-</u>
Total revenue and support	<u>1,325,329</u>	<u>13,027</u>	<u>1,338,356</u>
Expenses:			
Program	1,011,876	-	1,011,876
Management and general	160,692	-	160,692
Fundraising	<u>52,240</u>	<u>-</u>	<u>52,240</u>
Total expenses	<u>1,224,808</u>	<u>-</u>	<u>1,224,808</u>
Operating income (loss)	100,521	13,027	113,548
Other income:			
Investment income	<u>3,276</u>	<u>-</u>	<u>3,276</u>
Change in net assets	103,797	13,027	116,824
Net assets, beginning of year	<u>1,204,468</u>	<u>32,310</u>	<u>1,236,778</u>
Net assets, end of year	\$ <u>1,308,265</u>	\$ <u>45,337</u>	\$ <u>1,353,602</u>

2011		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 529,555	\$ -	\$ 529,555
-	429,231	429,231
<u>480,608</u>	<u>(480,608)</u>	<u>-</u>
<u>1,010,163</u>	<u>(51,377)</u>	<u>958,786</u>
720,341	-	720,341
238,562	-	238,562
<u>14,116</u>	<u>-</u>	<u>14,116</u>
<u>973,019</u>	<u>-</u>	<u>973,019</u>
37,144	(51,377)	(14,233)
<u>4,002</u>	<u>-</u>	<u>4,002</u>
41,146	(51,377)	(10,231)
<u>1,163,322</u>	<u>83,687</u>	<u>1,247,009</u>
\$ <u>1,204,468</u>	\$ <u>32,310</u>	\$ <u>1,236,778</u>

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

CANCER COALITION OF SOUTH GEORGIA, INC.

STATEMENTS OF CASH FLOWS
for the years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 116,824	\$(10,231)
Adjustments to reconcile the change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	16,319	18,135
Changes in:		
Unconditional promises to give	(137,804)	156,197
Accounts payable	<u>561</u>	<u>(52,424)</u>
Net cash provided (used) by operating activities	(4,100)	111,677
Cash flows from investing activities:		
Purchase of property and equipment	<u>(4,255)</u>	<u>(5,097)</u>
Increase (decrease) in cash	(8,355)	106,580
Cash, beginning of year	<u>1,133,137</u>	<u>1,026,557</u>
Cash, end of year	\$ <u>1,124,782</u>	\$ <u>1,133,137</u>

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

CANCER COALITION OF SOUTH GEORGIA, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

Cancer Coalition of South Georgia, Inc. (Organization) is organized pursuant to the Georgia Nonprofit Corporation Code (the Code). The Organization operates exclusively to prevent cancer and increase survival among people of South Georgia through community-based research, outreach, screening and education 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 – 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.

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CANCER COALITION OF SOUTH GEORGIA, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

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 at the date of the financial statements and the reported amounts of support, revenue 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 \$202,250 and \$64,446 during 2012 and 2011, 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.

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

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CANCER COALITION OF SOUTH GEORGIA, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

1. Summary of Significant Accounting Policies, Continued

Income Taxes, Continued

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 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, 2012 and 2011 or for the years then ended. The Organization's open audit periods are for tax years ended 2009-2011.

Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 26, 2012, the date the financial statements were available to be issued.

2. Property and Equipment

A summary of property and equipment at June 30, 2012 and 2011 follows:

	<u>2012</u>	<u>2011</u>
Major moveable equipment	\$ 110,930	\$ 106,675
Less accumulated depreciation	<u>82,539</u>	<u>66,220</u>
Total property and equipment	\$ <u>28,391</u>	\$ <u>40,455</u>

Depreciation expense for the years ended June 30, 2012 and 2011 amounted to \$16,319 and \$18,135, respectively.

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CANCER COALITION OF SOUTH GEORGIA, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

3. Temporarily Restricted Net Assets, Continued

Temporarily restricted net assets are available for cancer research and are restricted by the following organizations at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Healthcare Georgia Foundation	\$ 41,870	\$ -
Cancer Care Grants	-	20,885
GCC Tissue Bank	-	10,031
Other	<u>3,467</u>	<u>1,394</u>
Total	\$ <u>45,337</u>	\$ <u>32,310</u>

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, 2012 and 2011:

	<u>Receivables for 6/30/12</u>	<u>Revenue for 6/30/12</u>	<u>Receivables for 6/30/11</u>	<u>Revenue for 6/30/11</u>
Archbold Medical Center	\$ -	\$ 83,333	\$ -	\$ 83,333
Phoebe Putney Memorial Hospital	-	250,000	-	250,000
South Georgia Medical Center	-	83,333	-	83,333
Tift Regional Medical Center	<u>-</u>	<u>83,334</u>	<u>20,833</u>	<u>83,334</u>
Total	\$ <u>-</u>	\$ <u>500,000</u>	\$ <u>20,833</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 \$873,252 and \$784,511 during 2012 and 2011, respectively.

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CANCER COALITION OF SOUTH GEORGIA, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

5. Concentrations of Credit Risk

At June 30, 2012, the Organization had no deposits at major financial institutions which exceeded the \$250,000 Federal Deposit Insurance Corporation limit.

6. Commitments and Contingencies

The Organization is involved in litigation arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Organization's future financial position or results from operations.

INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTAL INFORMATION

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

We have audited the basic financial statements of Cancer Coalition of South Georgia, Inc. for the years ended June 30, 2012 and 2011, and our report thereon dated October 26, 2012, which expressed an unqualified opinion on those financial statements, appears on page 1. 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 11, 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.

Driffin & Tucker, CPA
Albany, Georgia
October 26, 2012

CANCER COALITION OF SOUTH GEORGIA, INC.

SCHEDULE OF STATE OF GEORGIA AWARDS EXPENDED
for the year ended June 30, 2012

<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 - Prostate and Colorectal	40500-032-12110237	\$ 25,500	\$ 13,905	\$ 25,500
Department of Public Health - Colorectal Cancer Screening Education	40500-032-12120597	135,000	23,400	135,000
Department of Public Health - 2011 Tobacco Disparities Marketing		50,400	50,400	50,400
Department of Public Health - 11-12 Tobacco Disparities		72,000	72,000	72,000
Georgia Cancer Coalition Development of Tumor, Tissue, and Serum Repository	GCC-332	10,000	10,000	10,000
Georgia Research Alliance - State Funding FY 12	ATI-2485536v1	<u>207,000</u>	<u>207,000</u>	<u>207,000</u>
		\$ <u>499,900</u>	\$ <u>376,705</u>	\$ <u>499,900</u>

See independent auditor's report on supplemental data.