

HORIZONS COMMUNITY SOLUTIONS, INC.



FINANCIAL STATEMENTS

for the years ended June 30, 2022 and 2021



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Horizons Community Solutions, Inc., which comprise the statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Horizons Community Solutions, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Horizons Community Solutions, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Continued

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Horizons Community Solutions, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement of a reasonable user based on these financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Horizons Community Solutions, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Horizons Community Solutions, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Draffin & Tucker, LLP

Albany, Georgia
January 6, 2023

HORIZONS COMMUNITY SOLUTIONS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 961,029	\$ 935,639
Grants receivable	<u>149,793</u>	<u>139,377</u>
Total current assets	1,110,822	1,075,016
Property and equipment, net	<u>19,191</u>	<u>24,469</u>
Total assets	<u>\$ 1,130,013</u>	<u>\$ 1,099,485</u>
LIABILITIES AND NET ASSETS		
Paycheck protection program loan	\$ -	\$ 130,429
Accounts payable	<u>4,577</u>	<u>6,157</u>
Total liabilities	<u>4,577</u>	<u>136,586</u>
Net assets:		
Net assets without donor restrictions	1,061,529	874,446
Net assets with donor restrictions	<u>63,907</u>	<u>88,453</u>
Total net assets	<u>1,125,436</u>	<u>962,899</u>
Total liabilities and net assets	<u>\$ 1,130,013</u>	<u>\$ 1,099,485</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, 2022 and 2021

	<u>2022</u>		
	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Revenue and support:			
Contributions of cash and other financial assets	\$ 212,431	\$ -	\$ 212,431
Grants	-	1,032,152	1,032,152
Net assets released from restrictions	<u>1,056,698</u>	<u>(1,056,698)</u>	<u>-</u>
Total revenue and support	<u>1,269,129</u>	<u>(24,546)</u>	<u>1,244,583</u>
Expenses:			
Program	1,080,987	-	1,080,987
Management and general	96,836	-	96,836
Fundraising	<u>38,314</u>	<u>-</u>	<u>38,314</u>
Total expenses	<u>1,216,137</u>	<u>-</u>	<u>1,216,137</u>
Operating income (loss)	52,992	(24,546)	28,446
Other income:			
Paycheck proptection program loan forgiveness	130,429	-	130,429
Interest income	<u>3,663</u>	<u>-</u>	<u>3,663</u>
Change in net assets	187,084	(24,546)	162,538
Net assets, beginning of year	<u>874,445</u>	<u>88,453</u>	<u>962,898</u>
Net assets, end of year	<u>\$ 1,061,529</u>	<u>\$ 63,907</u>	<u>\$ 1,125,436</u>

Continued

HORIZONS COMMUNITY SOLUTIONS, INC.

STATEMENTS OF REVENUE AND SUPPORT, EXPENSES,
AND CHANGES IN NET ASSETS Continued
for the years ended June 30, 2022 and 2021

	2021		
	Net Assets Without Donor <u>Restrictions</u>	Net Assets With Donor <u>Restrictions</u>	<u>Total</u>
Revenue and support:			
Contributions of cash and other financial assets	\$ 154,834	\$ -	\$ 154,834
Grants	-	996,787	996,787
Net assets released from restrictions	<u>1,015,190</u>	<u>(1,015,190)</u>	<u>-</u>
Total revenue and support	<u>1,170,024</u>	<u>(18,403)</u>	<u>1,151,621</u>
Expenses:			
Program	960,370	-	960,370
Management and general	84,094	-	84,094
Fundraising	<u>646</u>	<u>-</u>	<u>646</u>
Total expenses	<u>1,045,110</u>	<u>-</u>	<u>1,045,110</u>
Operating income (loss)	124,914	(18,403)	106,511
Other income:			
Paycheck proptection program loan forgiveness	144,200	-	144,200
Interest income	<u>2,643</u>	<u>-</u>	<u>2,643</u>
Change in net assets	271,757	(18,403)	253,354
Net assets, beginning of year	<u>602,688</u>	<u>106,856</u>	<u>709,544</u>
Net assets, end of year	<u>\$ 874,445</u>	<u>\$ 88,453</u>	<u>\$ 962,898</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 162,538	\$ 253,354
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,928	1,945
Paycheck protection program loan forgiveness	(130,429)	(144,200)
Changes in:		
Grants receivable	(10,416)	(75,249)
Accounts payable	<u>(1,581)</u>	<u>(12,450)</u>
Net cash provided by operating activities	<u>27,040</u>	<u>23,400</u>
Cash flows from financing activities:		
Paycheck protection program loan	<u>-</u>	<u>130,429</u>
Net cash provided by financing activities	<u>-</u>	<u>130,429</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(1,650)</u>	<u>(24,698)</u>
Net cash used by investing activities	<u>(1,650)</u>	<u>(24,698)</u>
Net increase in cash	25,390	129,131
Cash, beginning of year	<u>935,639</u>	<u>806,508</u>
Cash, end of year	<u>\$ 961,029</u>	<u>\$ 935,639</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, 2022 and 2021

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, 2022 and 2021

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 \$149,793 and \$139,377 during 2022 and 2021, 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 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 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.

Continued

HORIZONS COMMUNITY SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022 and 2021

1. Summary of Significant Accounting Policies, Continued

Income Taxes, Continued

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, 2022 and 2021 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.

Paycheck Protection Loan Program

On April 14, 2020, the Organization received loan proceeds in the amount of \$144,200 under the Paycheck Protection Program (PPP). On May 20, 2021, the Organization applied for and received a second loan of \$130,429. The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after the covered period as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period. The Organization believes its use of the proceeds is consistent with the PPP and applied for forgiveness. The Organization classified the loans as current prior to the forgiveness of these loans. The Organization will recognize any forgiveness of the loan at the time the Organization is legally released from the debt. In February 2021, the loan of \$144,200 was fully forgiven by the Small Business Administration and recognized as income. In November 2021, the Organization received notification that the second loan of \$130,429 was fully forgiven by the Small Business Administration and, as such, has been recognized as income in the current year.

COVID-19 Coronavirus

The COVID-19 coronavirus outbreak has put an unprecedented strain on the U.S. healthcare system, disrupted or delayed production and delivery of materials and products in the supply chain, and caused staffing shortages. The extent of the impact of COVID-19 depends on certain developments, including the duration and spread of the outbreak, and remedial actions and stimulus measures adopted by local and federal governments, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial position or results of operations is uncertain.

Continued

HORIZONS COMMUNITY SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022 and 2021

1. Summary of Significant Accounting Policies, Continued

Recently Adopted Accounting Pronouncement

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new standard increases transparency around contributed nonfinancial assets received by not-for-profit entities, including transparency on how those assets are used and how they are valued. The Organization retrospectively adopted the new guidance on July 1, 2021.

Accounting Pronouncement Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is a new comprehensive lease accounting model. The new standard clarifies the definition of a lease and requires lessees to recognize right-of-use assets and related lease liabilities for all leases with terms greater than twelve months. The new guidance, including subsequent amendments, is effective for the Organization as of July 1, 2022. The Organization is continuing to evaluate the impact the guidance will have on the financial statements.

Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 6, 2023, the date the financial statements were available to be issued.

2. Property and Equipment

A summary of property and equipment at June 30, 2022 and 2021 follows:

	<u>2022</u>	<u>2021</u>
Major moveable equipment	\$ 135,215	\$ 133,565
Less accumulated depreciation	<u>(116,024)</u>	<u>(109,096)</u>
Total property and equipment	<u>\$ 19,191</u>	<u>\$ 24,469</u>

Depreciation expense for the years ended June 30, 2022 and 2021 amounted to \$6,928 and \$1,944, respectively.

Continued

HORIZONS COMMUNITY SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022 and 2021

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Screening Program	\$ 62,712	\$ 62,258
Breast Cancer License Tag	-	25,000
Patient Assistance	<u>1,195</u>	<u>1,195</u>
Total	<u>\$ 63,907</u>	<u>\$ 88,453</u>

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, 2022 and 2021:

	<u>Receivables for 6/30/22</u>	<u>Revenue for 6/30/22</u>	<u>Receivables for 6/30/21</u>	<u>Revenue for 6/30/21</u>
Phoebe Putney Memorial Hospital	<u>\$ -</u>	<u>\$ 146,250</u>	<u>\$ -</u>	<u>\$ 146,250</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 \$873,948 and \$633,310 during 2022 and 2021, 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.

Continued

HORIZONS COMMUNITY SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022 and 2021

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. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for 2022 and 2021. The Company's uninsured deposits at June 30, 2022 were \$140,000.

7. Liquidity and Availability

Financial assets available for general expenditure within one year of the statement of financial position date, consists of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash	\$ 961,029	\$ 935,639
Grants receivable	149,793	139,377
Less: Financial assets subject to donor restrictions	<u>63,907</u>	<u>88,453</u>
Total financial assets available	<u>\$ 1,046,915</u>	<u>\$ 986,563</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.

Continued

HORIZONS COMMUNITY SOLUTIONS, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2022 and 2021

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 2022 and 2021 are as follows:

	2022			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 817,432	\$ 56,516	\$ -	\$ 873,948
Supplies and other	140,622	37,428	37,483	215,533
Contract costs	116,775	2,340	613	119,728
Depreciation	<u>6,158</u>	<u>552</u>	<u>218</u>	<u>6,928</u>
	<u>\$ 1,080,987</u>	<u>\$ 96,836</u>	<u>\$ 38,314</u>	<u>\$ 1,216,137</u>
	2021			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 563,413	\$ 69,897	\$ -	\$ 633,310
Supplies and other	199,435	10,801	449	210,685
Contract costs	195,739	3,236	196	199,171
Depreciation	<u>1,783</u>	<u>160</u>	<u>1</u>	<u>1,944</u>
	<u>\$ 960,370</u>	<u>\$ 84,094</u>	<u>\$ 646</u>	<u>\$ 1,045,110</u>

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

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, 2022 and 2021, and our report thereon dated January 6, 2023, 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 15, 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.

Draffin & Tucker, LLP

Albany, Georgia
January 6, 2023

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HORIZONS COMMUNITY SOLUTIONS, INC.

SCHEDULE OF STATE OF GEORGIA AWARDS EXPENDED
for the year ended June 30, 2022

<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 – Cancer Awareness, Education, & Screenings	22001G	\$ 25,000	\$ 25,000	\$ 25,000
Department of Public Health - State Funding FY 2022	40500-032-22192887	420,948	420,948	420,948
Georgia Center for Oncology Research and Education - Georgia ACTS	BCLT 2022	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Total		<u>\$ 470,948</u>	<u>\$ 470,948</u>	<u>\$ 470,948</u>

See independent auditor's report on supplemental information.