

**BUFFALO COUNTY COMMUNITY
HEALTH PARTNERS, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2012



**BUFFALO COUNTY COMMUNITY
HEALTH PARTNERS, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Buffalo County Community Health Partners, Inc.

We have audited the accompanying statement of assets, liabilities, and net assets – modified cash basis of Buffalo County Community Health Partners, Inc. (a nonprofit corporation) as of June 30, 2012, and the related statement of revenues, expenses, and change in net assets – modified cash basis, and the statement of cash flows – modified cash basis for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 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 audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets – modified cash basis of Buffalo County Community Health Partners, Inc. as of June 30, 2012, and its revenues, expenses and change in net assets – modified cash basis, and changes in cash flows – modified cash basis for the year then ended, on the basis of accounting described in note 1.

TONNIGES & ASSOCIATES, P.C.

Tonniges & Associates P.C.

Kearney, Nebraska
October 10, 2012

Buffalo County Community Health Partners, Inc.
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis
June 30, 2012

Assets:	
Cash and cash equivalents	\$ 248,893
Investment - Kearney Area Community Foundation	215,789
Equipment	\$ 22,816
Less: accumulated depreciation	<u>(9,212)</u>
Equipment, net	13,604
Total assets	<u><u>\$ 478,286</u></u>
Liabilities and net assets:	
Liabilities:	
Payroll liabilities	\$ 14,247
Other liabilities	4,202
Total liabilities	<u>18,449</u>
Net assets:	
Unrestricted	264,047
Temporarily restricted	11,228
Permanently restricted	184,562
Total net assets	<u>459,837</u>
Total liabilities and net assets	<u><u>\$ 478,286</u></u>

See accompanying notes to the financial statements.

Buffalo County Community Health Partners, Inc.
Statement of Revenues, Expenses, and Change in Net Assets - Modified Cash Basis
For Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Contributions	\$ 108,793	\$ -	\$ 7,195	\$ 115,988
Grants	10,000	287,045	-	297,045
Administration income	20,748	-	-	20,748
Program income	73,230	6,495	-	79,725
Interest income	627	-	-	627
Miscellaneous income	3,753	-	-	3,753
Unrealized gains	-	-	-	-
Total revenues, gains and other support	<u>217,151</u>	<u>293,540</u>	<u>7,195</u>	<u>517,886</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	342,650	(342,650)	-	-
Total net assets released from restrictions	<u>342,650</u>	<u>(342,650)</u>	<u>-</u>	<u>-</u>
Total revenues and net assets released	<u>559,801</u>	<u>(49,110)</u>	<u>7,195</u>	<u>517,886</u>
Expenses and losses:				
Program	465,453	-	-	465,453
Management and general	27,857	-	-	27,857
Fund raising	47,145	-	-	47,145
Total expenses	<u>540,455</u>	<u>-</u>	<u>-</u>	<u>540,455</u>
Unrealized loss on endowment	1,255	-	-	1,255
Administrative fees on endowment	2,059	-	-	2,059
Total expenses and losses	<u>543,769</u>	<u>-</u>	<u>-</u>	<u>543,769</u>
Change in net assets	16,032	(49,110)	7,195	(25,883)
Net assets at beginning of year	248,015	60,338	177,367	485,720
Net assets at end of year	<u>\$ 264,047</u>	<u>\$ 11,228</u>	<u>\$ 184,562</u>	<u>\$ 459,837</u>

See accompanying notes to the financial statements.

Buffalo County Community Health Partners, Inc.
Statement of Cash Flows - Modified Cash Basis
For the Year Ended June 30, 2012

Cash flows from operating activities:	
Change in net assets	\$ (25,883)
Depreciation	3,385
Increase in accrued liabilities	13,776
Unrealized loss on endowment	1,255
Administrative fees on endowment	2,059
Net cash provided in operating activities	<u>(5,408)</u>
Cash flows from investing activities:	
Investment in endowment	(8,290)
Purchases of property and equipment	<u>(9,345)</u>
Net cash used in investing activities	<u>(17,635)</u>
Net increase in cash and cash equivalents	(23,043)
Cash and cash equivalents at beginning of year	<u>271,936</u>
Cash and cash equivalents at end of year	<u><u>\$ 248,893</u></u>

See accompanying notes to the financial statements.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. **NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

The Buffalo County Community Health Partners, Inc. (Corporation) was incorporated on November 5, 1999 in the State of Nebraska. The Corporation was formed to assess, promote, and strengthen the health of Buffalo County, Nebraska.

The Corporation's major sources of income are grants received from state and federal funding. Its secondary funding source is the general public through donations.

Income Taxes

The Corporation is exempt from federal income taxes under Internal Revenue Code Section 501 (c) (3). As such, no provision for income tax is included in these financial statements.

The Corporation has adopted the provisions of FASB ASC 740-10, "Accounting for Uncertain Tax Positions." The Corporation continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The Corporation's U.S. federal tax returns for 2009 and after are subject to examination by tax authorities.

Basis of Financial Statement Presentation

The Corporation's policy is to prepare financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases are recognized when cash is disbursed rather than when the obligation is incurred. In addition, fixed assets are recorded and payroll liabilities are recognized.

Equipment

Equipment is stated at cost for those assets purchased with the Corporation's funds. Major expenditures, and those which substantially increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are charged to operations when incurred. The cost of equipment is depreciated over estimated useful lives of five to seven years for equipment on the straight-line method. Depreciation expense for the year ended June 30, 2012 was \$3,385.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements 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 reporting period. Actual results could differ from those estimates.

Net Assets

The Corporation has adopted FASB ASC 958-210, in which the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Corporation does not use fund accounting.

Contributions

The Corporation has adopted FASB ASC 958-310, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (this is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenues, expenses, and changes in net assets – modified cash basis as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. **NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Donated Materials, Facility, and Services

Donated materials, facility, and services are recognized as contributions in accordance with FASB ASC 958-605 if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporation.

In-Kind contributions are recorded at fair market value and recognized as revenue in the accounting period they are received. The Corporation had \$71,092 recorded as in-kind contributions for the year ended June 30, 2012.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

The Corporation has adopted FASB ASC 958-320 "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value on the statement of assets, liabilities, and net assets – modified cash basis. Unrealized gains and losses are included in the change in net assets shown on the statement of revenues, expenses, and changes in net assets – modified cash basis.

Advertising

The Corporation expenses advertising as incurred. Advertising expense was \$30,648 for the year ended June 30, 2012.

Concentration of Credit Risk

The Corporation maintains cash balances at two financial institutions. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. As of June 30, 2012, all funds were covered by FDIC insurance.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2. RETIREMENT PLAN

The Corporation has a SEP Plan for employees. After one year of employment, employees are eligible to participate in this plan. The Corporation will contribute 8% of the employee's salary set on January 1st of each year. The Corporation contributed \$4,952 for the year ended June 30, 2012.

NOTE 3. ENDOWMENT FUND

The Buffalo County Community Health Partners has established an endowment fund to further support the mission of the Corporation. Contributions given by donors specifically for the endowment fund are maintained permanently. Other contributions given by donors but designated to the endowment fund by the board are considered unrestricted and can be used for general purposes by board vote. Income earned off of all contributions can be used for general purposes as well. As of June 30, 2012, all contributions were given directly by donors and are to be maintained permanently.

The state of Nebraska enacted the Uniform Prudent Management of Institutional Fund Act (UPMIFA) effective September 1, 2007, the provision of which applies to endowment funds existing on or established after that date. The Buffalo County Community Health Partners has adopted the accounting standards related to the net asset classification of endowment funds in FASB ASC 958-205 for the year ending June 30, 2012. The Board of Directors of BCCHP has determined that the majority of BCCHP's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

Changes in endowment net assets as of June 30, 2012 are as follow:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets -Beginning	33,445	177,367	210,812
Permanently Restricted Contributions	-	7,195	7,195
Interest Income	4,858	-	4,858
Fees	(2,774)	-	(2,774)
Unrealized Gain/Loss	(8,756)	-	(8,756)
Realized Gain/Loss	3,357	-	3,357
Endowment net assets - Ending	<u>30,130</u>	<u>184,562</u>	<u>214,692</u>

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2012:

Join the Movement – BCBS	\$4,597
Positive Pressure Coalition	1,341
Join the Movement – Wellness Works	750
TIPS	4,540

NOTE 5. SUBSEQUENT EVENTS

In accordance with FASB ASC 855-10, the Corporation's management has evaluated events subsequent to June 30, 2012 through October 10, 2012, which is the issuance date of this report. There has been no material event noted during this period that would either impact the results reflected in this report or the Corporation's results going forward.

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of
Buffalo County Community Health Partners, Inc.

We have audited the financial statements of Buffalo County Community Health Partners, Inc. as of and for the year ended June 30, 2012, and have issued our report thereon dated October 10, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses – modified cash basis and the combining schedule of activities – modified cash basis, are presented for the purposes of additional analysis and are 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 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.

TONNIGES & ASSOCIATES, P.C.

Tonniges & Associates P.C.

Kearney, Nebraska
October 10, 2012

Buffalo County Community Health Partners, Inc.
Schedule of Functional Expenses - Modified Cash Basis
For Year Ended June 30, 2012

Substance	Program Services					Supporting Activities			
	Activate Buffalo County	Community Health Access Team	Community and Grants Facilitation	Assessments	Total Program	Fund Raising	Management and General	Total Supporting	Total Expenses
Salaries	\$ 57,929	\$ 17,774	\$ 42,810	\$ 11,360	\$ 11,360	\$ 19,224	\$ 11,360	\$ 30,584	\$ 171,817
Employee benefits	6,325	2,217	3,209	1,639	1,639	2,773	1,639	4,412	19,441
Payroll taxes	14,520	2,003	4,011	1,374	1,374	2,326	1,374	3,700	26,982
Total salaries and related expense	78,774	21,994	50,030	14,373	14,373	24,323	14,373	38,696	218,240
Professional fees	337	134	190	96	96	162	96	258	1,111
Administrative fees	-	-	-	-	-	2,059	-	2,059	2,059
Contracted services	55,107	3,230	5,338	1,480	1,480	2,504	1,479	3,983	70,618
Community development	17,948	913	5,060	504	504	853	504	1,357	26,286
Supplies	3,402	6,067	1,787	758	758	1,282	758	2,040	14,812
Travel	992	668	1,402	163	163	276	163	439	3,827
Program costs	35,999	1,632	24,160	1,632	1,632	2,763	1,632	4,395	69,450
Printing	5,430	446	610	266	266	450	266	716	7,734
Advertising and marketing	20,816	6,054	1,389	509	509	862	509	1,371	30,648
Computer services	13,511	816	2,894	169	169	286	169	455	18,014
Postage	5	3	3	3	3	6	3	9	26
Telephone	2,167	530	1,787	269	269	456	270	726	5,748
Insurance	367	369	369	152	152	258	152	410	1,819
Rent	13,645	6,560	10,521	6,310	6,310	10,678	6,310	16,988	60,334
Depreciation	440	440	440	440	440	745	440	1,185	3,385
Meals	2,426	248	355	248	248	420	248	668	4,193
Dues and subscriptions	607	267	267	230	230	390	230	620	2,221
Miscellaneous	269	262	262	255	255	431	255	686	1,989
Unrealized losses	-	-	-	-	-	1,255	-	1,255	1,255
Total expenses	\$ 252,242	\$ 50,633	\$ 106,864	\$ 27,857	\$ 27,857	\$ 50,459	\$ 27,857	\$ 78,316	\$ 543,769

Buffalo County Community Health Partners, Inc.
Combining Schedule of Activities - Modified Cash Basis
For Year Ended June 30, 2012

	BCCHP	SPF-SIG	CHI	BCBS	Region III	Other Grants	Endowment	Total
Revenues and gains:								
Contributions	\$ 106,793	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 7,195	\$ 115,988
Interest income	627	-	-	-	-	-	-	627
Grant income	10,000	141,954	78,656	12,500	46,050	7,885	-	297,045
Administration income	20,748	-	-	-	-	-	-	20,748
Program income	8,633	-	-	-	-	-	-	8,633
In-kind contributions	64,597	-	-	5,495	-	1,000	-	71,092
Miscellaneous income	3,753	-	-	-	-	-	-	3,753
Unrealized gains	-	-	-	-	-	-	-	-
Total revenues and gains	215,151	141,954	78,656	17,995	46,050	10,885	7,195	517,886
Expenses:								
Payroll	110,560	38,345	35,658	7,620	26,057	-	-	218,240
Professional fees	735	203	94	38	41	-	-	1,111
Administrative fees	-	-	-	-	-	-	2,059	2,059
Contracted services	11,384	48,876	3,858	1,750	1,250	3,500	-	70,618
Community development	3,879	8,728	4,556	409	8,696	18	-	26,286
Supplies	5,827	1,599	1,029	5,309	255	793	-	14,812
Travel	1,253	618	1,239	505	212	-	-	3,827
Program costs	12,557	24,162	22,528	-	7,855	2,348	-	69,450
Printing	2,045	3,360	344	180	718	1,087	-	7,734
Advertising and marketing	3,917	15,676	880	5,545	3,505	1,125	-	30,648
Computer services	1,302	13,334	2,725	647	6	-	-	18,014
Postage	26	-	-	-	-	-	-	26
Telephone	2,073	1,686	1,518	261	210	-	-	5,748
Insurance	1,167	186	217	217	32	-	-	1,819
Rent	48,536	3,641	4,211	250	1,527	2,169	-	60,334
Depreciation	3,385	-	-	-	-	-	-	3,385
Meals	1,910	1,403	107	-	547	226	-	4,193
Dues and subscriptions	1,773	337	37	37	37	-	-	2,221
Miscellaneous	1,960	8	7	7	7	-	-	1,989
Unrealized losses	-	-	-	-	-	-	1,255	1,255
Total expenses	214,289	162,162	79,008	22,775	50,955	11,266	3,314	543,769
Change in net assets	\$ 862	\$ (20,208)	\$ (352)	\$ (4,780)	\$ (4,905)	\$ (381)	\$ 3,881	\$ (25,883)