

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

FINANCIAL STATEMENTS
(Audited)

JUNE 30, 2018

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404 East 25th Street
PO Box 1120
Kearney, NE 68848
308-234-5565
Fax 308-234-2990
www.ksocpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Buffalo County Community Health Partners, Inc.
Kearney, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of Buffalo County Community Health Partners, Inc., which comprise the statements of assets, liabilities and net assets – modified cash basis as of June 30, 2018 and 2017, and the related statements of revenues, expenses and change in net assets – modified cash basis and cash flows – modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

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 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 entity'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 entity'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Buffalo County Community Health Partners, Inc. as of June 30, 2018 and 2017, and its revenues and expenses, and its cash flows for the years then ended, in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses – modified cash basis were presented for purposes 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 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 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.

KSO CPA's, P.C.



Kearney, Nebraska
October 9, 2018

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

**STATEMENTS OF ASSETS, LIABILITIES AND
NET ASSETS - MODIFIED CASH BASIS
June 30, 2018 and 2017**

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 155,519	\$ 199,608
Prepaid expenses	-	159
Total current assets	<u>\$ 155,519</u>	<u>\$ 199,767</u>
PROPERTY AND EQUIPMENT		
Property and equipment	\$ 38,982	\$ 38,982
Less accumulated depreciation	(33,220)	(29,595)
Property and equipment, net	<u>\$ 5,762</u>	<u>\$ 9,387</u>
OTHER ASSETS		
Investments - Kearney Area Community Foundation	\$ 317,451	\$ 304,623
Total other assets	<u>\$ 317,451</u>	<u>\$ 304,623</u>
 Total assets	 <u><u>\$ 478,732</u></u>	 <u><u>\$ 513,777</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Sales tax payable	\$ 199	\$ 1,585
Payroll taxes and withholdings payable	809	332
Refund payable	-	120
Credit cards payable	2,549	7,423
Total current liabilities	<u>\$ 3,557</u>	<u>\$ 9,460</u>
Total liabilities	<u>\$ 3,557</u>	<u>\$ 9,460</u>
NET ASSETS		
Without donor restriction	\$ 245,935	\$ 260,713
With donor restriction	229,240	243,604
Total net assets	<u>\$ 475,175</u>	<u>\$ 504,317</u>
Total liabilities and net assets	<u><u>\$ 478,732</u></u>	<u><u>\$ 513,777</u></u>

See notes to financial statements.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

**STATEMENTS OF REVENUES, EXPENSES AND CHANGE
IN NET ASSETS - MODIFIED CASH BASIS**

For the Years Ended June 30, 2018 and 2017

	2018		
	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 189,182	\$ 260	\$ 189,442
Grants	-	576,560	576,560
Grant administration	38,339	-	38,339
Grant consulting	22,229	-	22,229
Program income	1,000	2,850	3,850
Interest income	209	-	209
Community events	737	5,940	6,677
Miscellaneous income	1,344	532	1,876
Unrealized gains and (losses), net	19,917	-	19,917
Net assets released from restrictions:			
Program restrictions satisfied	<u>600,506</u>	<u>(600,506)</u>	<u>-</u>
Total revenues and other support	<u>\$ 873,463</u>	<u>\$ (14,364)</u>	<u>\$ 859,099</u>
EXPENSES			
Program services	\$ 767,949	\$ -	\$ 767,949
Management and general	60,137	-	60,137
Fundraising	<u>60,155</u>	<u>-</u>	<u>60,155</u>
Total expenses	<u>\$ 888,241</u>	<u>\$ -</u>	<u>\$ 888,241</u>
Change in net assets	\$ (14,778)	\$ (14,364)	\$ (29,142)
Net assets, beginning of year	<u>260,713</u>	<u>243,604</u>	<u>504,317</u>
Net assets, end of year	<u>\$ 245,935</u>	<u>\$ 229,240</u>	<u>\$ 475,175</u>

See notes to financial statements.

	2017		
	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 237,596	\$ 1,191	\$ 238,787
Grants	-	450,075	450,075
Grant administration	41,408	-	41,408
Grant consulting	21,936	-	21,936
Program income	2,850	3,645	6,495
Interest income	248	-	248
Community events	85	8,174	8,259
Miscellaneous income	2,355	24	2,379
Unrealized gains and (losses), net	25,846	-	25,846
Net assets released from restrictions:			
Program restrictions satisfied	<u>493,652</u>	<u>(493,652)</u>	<u>-</u>
Total revenues and other support	<u>\$ 825,976</u>	<u>\$ (30,543)</u>	<u>\$ 795,433</u>
EXPENSES			
Program services	\$ 657,755	\$ -	\$ 657,755
Management and general	61,519	-	61,519
Fundraising	<u>61,529</u>	<u>-</u>	<u>61,529</u>
Total expenses	<u>\$ 780,803</u>	<u>\$ -</u>	<u>\$ 780,803</u>
Change in net assets	\$ 45,173	\$ (30,543)	\$ 14,630
Net assets, beginning of year	<u>215,540</u>	<u>274,147</u>	<u>489,687</u>
Net assets, end of year	<u>\$ 260,713</u>	<u>\$ 243,604</u>	<u>\$ 504,317</u>

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

**STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (29,142)	\$ 14,630
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,625	4,899
Unrealized gain on investments, net	(19,917)	(25,846)
(Increase) decrease in prepaid expense	159	(159)
Increase (decrease) in sales tax payable	(1,386)	(51)
Increase (decrease) in payroll taxes and withholdings payable	477	(6)
Increase (decrease) in refund payable	(120)	120
Increase (decrease) in credit cards payable	<u>(4,874)</u>	<u>2,702</u>
Net cash provided by (used in) operating activities	\$ <u>(51,178)</u>	\$ <u>(3,711)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment purchased	\$ -	\$ (3,135)
Proceeds from sale of investments	7,348	27,305
Purchases of investments	<u>(259)</u>	<u>(15,641)</u>
Net cash provided by investing activities	\$ <u>7,089</u>	\$ <u>8,529</u>
Net change in cash and cash equivalents	\$ (44,089)	\$ 4,818
Cash and cash equivalents, beginning of year	<u>199,608</u>	<u>194,790</u>
Cash and cash equivalents, end of year	\$ <u>155,519</u>	\$ <u>199,608</u>

See notes to financial statements.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

Note 1. **Summary of Significant Accounting Policies**

Nature of Activities

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

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

Method of Accounting

BCCHP's policy is to prepare financial statements on the modified cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America; 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.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205. Under ASC 958.205, BCCHP is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Reclassification

Certain 2017 amounts have been reclassified to conform to the 2018 financial statement presentation. Total net assets are unchanged due to these reclassifications.

Cash and Cash Equivalents

For purposes of the statements of cash flows, BCCHP considers all cash and other highly liquid investments with initial maturities of 3 months or less to be cash equivalents.

Investments

Investments are stated at fair market value if it is readily determinable. Certificates of deposit are reflected at their face value. Mutual funds are stated at quoted market price. Unrealized gains or losses are included in the change in net assets. Investments are unsecured.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

Note 1. **Summary of Significant Accounting Policies (continued)**

Equipment

Equipment is stated at cost for those assets purchased with BCCHP's funds. Major expenditures over \$1,000, and those which substantially increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are charged to operations when incurred. Depreciation is computed using estimated useful lives ranging from 5 to 7 years.

Donated Materials and Services

Contributed materials and services represent the estimated fair value of materials and general corporate services provided. Contributed materials and services amounted to \$41,297 in 2018 and \$55,685 in 2017. Contributed materials and services represent the estimated value of materials and general corporate services provided. Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services either (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing these skills and would typically need to be purchased if not provided by donation.

Advertising

BCCHP expenses advertising as incurred. Advertising expense was \$13,062 and \$40,420 for the years ended June 30, 2018 and 2017, respectively.

Revenue and Support With and Without Donor Restrictions

BCCHP follows the recommendations of the Financial Accounting Standards Board in its ASC 958.605. In accordance with this guidance, contributions and grants received are recorded as with or without restrictions depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Revenues, Expenses and Changes in Net Assets as net assets released from restriction.

Income Taxes

BCCHP is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and therefore has made no provision for Federal income taxes.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

Note 1. **Summary of Significant Accounting Policies (continued)**

Functional and Natural Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Revenues, Expenses and Changes in Net Assets. In addition, these costs have been reported by nature and function in the Schedules of Functional Expenses. Accordingly, certain costs have been allocated directly to the programs and support services benefited.

Change in Accounting Principle

To provide enhanced disclosures to financial statement users, BCCHP is adopting Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 for the fiscal year ended June 30, 2018. ASU 2016-14 is the first step in the FASB's not-for-profit financial reporting project and changes in this update include a reduction in the number of net asset classes, a requirement for expenses to be presented by function and nature, a requirement to present quantitative and qualitative information on liquidity and various other additional disclosure requirements.

The information presented for the period ending June 30, 2017 has been retrospectively adjusted to conform to the requirements of ASU 2016-14. While there was no change to the total change in net assets for the year ended June 30, 2018, amounts previously reported as temporarily and permanently restricted net assets have been combined and are reported in one column titled With Donor Restrictions on the Statement of Revenues, Expenses and Change in Net Assets – Modified Cash Basis. ASU 2016-14 also requires investment income and expenses to be netted on the financial statements. For the year ended June 30, 2017, this change in presentation resulted in a decrease of \$3,413 to the unrealized gains and losses and a \$3,413 decrease to total expenses.

New Accounting Pronouncements

In November 2016, FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. This ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amount generally described as restricted cash or restricted cash equivalents. The requirements of this statement are effective for BCCHP for the year ending June 30, 2020. BCCHP has not evaluated the impact of this statement.

In August 2016, FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice and provides guidance on these issues. The requirements of this statement are effective for the BCCHP for the year ending June 30, 2020. BCCHP has not evaluated the impact of this statement.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

Note 1. **Summary of Significant Accounting Policies (continued)**

In February 2016, FASB issued ASU 2016-02, Leases. ASU 2016-02 requires entities to recognize all leased assets as assets on the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 is effective for nonpublic business entities for the annual reporting period beginning after December 31, 2018. The requirements of this statement are effective for BCCHP for the year ending June 30, 2020. BCCHP has not evaluated the impact of this statement.

In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Particularly, that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The requirements of this statement are effective for BCCHP for the year ending June 30, 2019. BCCHP has not evaluated the impact of this statement.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. **Concentration of Credit Risk**

BCCHP maintains cash balances at one financial institution. All accounts are fully insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2018, BCCHP had total cash balances of \$185,099, all of which was covered by FDIC insurance.

Note 3. **Investments – Kearney Area Community Foundation**

BCCHP maintains balances at the Kearney Area Community Foundation (KACF). For the years ending June 30, KACF held the following funds:

	<u>2018</u>	<u>2017</u>
Bureau of Sociological Research		
Assessments	\$ -	\$ 7,348
Endowment	<u>317,451</u>	<u>297,275</u>
Total	<u>\$ 317,451</u>	<u>\$ 304,623</u>

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

Note 4. **Endowment Fund**

BCCHP has established an endowment fund to further support the mission of the Organization. Contributions given by donors specifically for the endowment fund are maintained with restriction. Other contributions given by donors but designated to the endowment fund by the board are considered without restriction 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, 2018, all contributions were given directly by donors and are to be maintained with restriction.

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 Organization has adopted the accounting standards related to the net asset classification of endowment funds in FASB ASC 958-205 for the years ending June 30, 2012 and later. The Board of Directors of BCCHP has determined that the majority of BCCHP's with donor restrictions net assets meet the definition of endowment funds under UPMIFA.

Endowment net assets composition by type as of June 30 are as follows:

	2018		
	Without Restriction	With Restriction	Total Endowment Net Assets
Donor restricted endowment funds:			
Original gift held in perpetuity	\$ -	\$ 188,113	\$ 188,113
Accumulated investment income, net	<u>129,338</u>	<u>-</u>	<u>129,338</u>
Total endowment net assets	<u>\$ 129,338</u>	<u>\$ 188,113</u>	<u>\$ 317,451</u>
	2017		
	Without Restriction	With Restriction	Total Endowment Net Assets
Donor restricted endowment funds:			
Original gift held in perpetuity	\$ -	\$ 187,854	\$ 187,854
Accumulated investment income, net	<u>109,421</u>	<u>-</u>	<u>109,421</u>
Total endowment net assets	<u>\$ 109,421</u>	<u>\$ 187,854</u>	<u>\$ 297,275</u>

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

Note 4. **Endowment Fund (continued)**

Changes in endowment net assets as of June 30 are as follows:

	2018		
	Without Restriction	With Restriction	Total Endowment Net Assets
Endowment net assets--beginning	\$ 109,421	\$ 187,854	\$ 297,275
Restricted contributions	-	259	259
Investment income, net	19,917	-	19,917
Endowment net assets--ending	<u>\$ 129,338</u>	<u>\$ 188,113</u>	<u>\$ 317,451</u>
	2017		
	Without Restriction	With Restriction	Total Endowment Net Assets
Endowment net assets--beginning	\$ 83,256	\$ 186,663	\$ 269,919
Restricted contributions	-	1,191	1,191
Investment income, net	26,165	-	26,165
Endowment net assets--ending	<u>\$ 109,421</u>	<u>\$ 187,854</u>	<u>\$ 297,275</u>

Endowment funds are held at the Kearney Area Community Foundation (KACF) and invested in accordance with the policies of KACF. The endowment funds of BCCHP will be pooled with funds of other agencies managed by KACF; an investment strategy designed to reduce management and investment fees incurred by BCCHP and to increase the rate of return on invested funds.

BCCHP may choose to reinvest the interest, income and gains back into the principal of the endowment or use it for the activities of the organization. Earnings on the endowment fund may only be paid out once a year upon a vote of the Board of Directors, which must include approval from at least three-fourths of the total Board of BCCHP. The maximum payment to be approved must not exceed 5% of the fund balance.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

Note 5. **Property and Equipment**

The following is a summary of transactions of property, plant and equipment for the years ended June 30:

	2018			
	Beginning Balance	Additions	Dispositions	Ending Balance
Furniture and equipment	\$ 38,982	\$ -	\$ -	\$ 38,982
Subtotal	\$ 38,982	\$ -	\$ -	\$ 38,982
Accumulated depreciation	(29,595)	(3,625)	-	(33,220)
TOTAL	\$ 9,387	\$ (3,625)	\$ -	\$ 5,762
	2017			
	Beginning Balance	Additions	Dispositions	Ending Balance
Furniture and equipment	\$ 35,847	\$ 3,135	\$ -	\$ 38,982
Subtotal	\$ 35,847	\$ 3,135	\$ -	\$ 38,982
Accumulated depreciation	(24,696)	(4,899)	-	(29,595)
TOTAL	\$ 11,151	\$ (1,764)	\$ -	\$ 9,387

Depreciation expense for the years ended June 30, 2018 and 2017, was \$3,625 and \$4,899, respectively.

Note 6. **Leases**

BCCHP entered into a five year lease agreement with Eakes Office Plus for the lease-purchase of a copy machine. BCCHP entered into this agreement on October 4, 2016, with the first payment due upon signing. The agreement calls for sixty monthly payments of \$161 with the option to purchase the copy machine at the end of the lease for \$1.00. Management does not plan to exercise this option. There is also a service agreement component to the lease payments. This agreement did not disclose imputed yield for the calculation of the lease terms or the amount of the service contract as a separate element of the monthly payments.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

Note 6. **Leases (continued)**

Future lease payments are as follows:

Year Ended June 30	Lease Payment
2019	\$ 1,935
2020	1,935
2021	1,935
2022	<u>646</u>
Total	<u>\$ 6,451</u>

On July 1, 2011, the Organization entered into a 60 month lease agreement with Good Samaritan Hospital for the lease of BCCHP's office space located in the Richard Young Hospital facility. The lease ended on June 30, 2016. An Addendum to the lease agreement was signed May 10, 2018. This addendum extends the lease through June 30, 2019 and is renewable each year. Under the terms of the lease, the rent is provided in kind to BCCHP by Good Samaritan Hospital. During the fiscal years ended June 30, 2018 and 2017, BCCHP recognized in kind rent expense of \$27,247 each year.

Note 7. **With Donor Restrictions**

Funds with donor restrictions are available for the following purposes as of June 30:

	<u>2018</u>	<u>2017</u>
Purpose restriction:		
Suicide Prevention	\$ -	\$ 5,000
Alzheimer's	-	979
Region III	-	1,002
McKenna Johnson Classmates	-	500
Be Well	20,848	32,428
Worksite Wellness	775	3,847
Rooted in Relationships	9,753	-
Diabetes Network	9,042	-
DFC	309	11,994
Red Ribbon Week	400	-
Held in perpetuity:		
Endowment With Donor Restrictions	<u>188,113</u>	<u>187,854</u>
Total with donor restrictions	<u>\$ 229,240</u>	<u>\$ 243,604</u>

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

Note 8. **Retirement Plan**

BCCHP has a SEP Plan for employees. After one year of employment, employees are eligible to participate in this plan. BCCHP will contribute 8% of the employee's salary set on January 1st each year. BCCHP contributed \$17,493 and \$16,665 for the years ended June 30, 2018 and 2017, respectively.

Note 9. **Paid Time Off**

BCCHP offers paid time off to employees. Time is accrued each pay period and the amount accrued depends on the length of service with BCCHP. BCCHP has a balance for accrued paid time off in the amounts of \$5,268 and \$10,428 for the years ended June 30, 2018 and 2017, respectively. The Board has authorized the Executive Director to use paid time off for 2018-2019 in advance of accrual, resulting in a balance owed to BCCHP as of June 30, 2018 of \$1,534. These balances are not recorded in the modified cash basis financial statements.

Note 10. **Fair Value Measurements**

Professional standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under professional standards are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date.

Level 2 – Inputs to the valuation methodology include:

- (a) quoted prices for similar assets or liabilities in active markets;
- (b) quoted prices for identical or similar assets or liabilities in inactive markets;
- (c) inputs other than quoted prices that are observable for the asset or liability;
- (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

Note 10. **Fair Value Measurements (continued)**

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any inputs that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, BCCHP’s assets at fair value as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Funds held by KACF	\$ -	\$ -	\$ 317,451	\$ 317,451

The following table sets forth by level, within the fair value hierarchy, BCCHP’s assets at fair value as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Funds held by KACF	\$ -	\$ -	\$ 304,623	\$ 304,623

Fair value in the instance of the Kearney Area Community Foundation funds is the representation of the foundation, and is considered a Level 3 method. The method used to value the funds may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. BCCHP believes its valuation method is appropriate.

The following is a reconciliation of those funds which is the amount the BCCHP would receive if they were to currently withdraw or transfer funds.

Balance at June 30, 2017	\$ 304,623
Contributions	259
Withdrawals	(7,348)
Unrealized gain/loss	23,029
Fees	(3,112)
Balance at June 30, 2018	\$ 317,451

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

Note 11. **Related Party Transactions**

One of the BCCHP board members also serves as a member of the Kearney Public Schools Board of Education. There were programs at BCCHP that involved working with other organizations in the community to provide training. During the year ended June 30, 2018, BCCHP made payments to Kearney Public Schools totaling \$59,471.

Note 12. **Uncertain Tax Positions**

Under the modified cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, the Organization is required to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization has open tax years subject to income tax examinations for the years ending June 30, 2016, 2017, and 2018 that remain subject to examination for federal and applicable state income taxes.

The Organization’s policy is to include penalties and interest associated with income taxes as income tax and interest expense, respectively. The Organization did not incur any penalties or interest on income taxes for the periods being reported on.

Note 13. **Liquidity**

Financial assets available for general expenditure within one year are as follows as of June 30, 2018:

Cash, including donor restrictions for program operations	\$	155,519
Endowment appropriation		6,467
Total	\$	161,986

None of the financial assets are subject to donor restriction or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The accounts and grants receivable are subject to implied time restrictions, but are expected to be collected within one year.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

Note 13. **Liquidity (continued)**

As part of its liquidity management, BCCHP has a goal to maintain financial assets on hand to meet six months of normal operating expenses, which would be approximately \$240,250 based on the budgeted expenditures for the year ending June 30, 2019. BCCHP's goal is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. BCCHP does not have a line of credit available to assist with liquidity management.

Note 14. **Subsequent Events**

Upon evaluation, BCCHP notes that there were no material subsequent events between the date of the financial statements and, October 9, 2018, the date that the financial statements were issued or available to be issued.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

**SCHEDULE OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
For the Year Ended June 30, 2018**

	2018				
	Program Services				
	Substance Abuse Prevention	Region Ill Programs	Active Living /Healthy Eating	Community Health Access	Injury Free Prevention
PERSONNEL COSTS					
Salaries and wages	\$ 67,043	\$ 43,616	\$ 36,709	\$ 13,806	\$ 73,696
Employee benefits	3,861	2,129	98	156	4,390
Payroll taxes	5,596	2,924	2,993	1,244	5,587
Total personnel costs	\$ 76,500	\$ 48,669	\$ 39,800	\$ 15,206	\$ 83,673
EXPENSES					
Professional fees	\$ -	\$ 800	\$ -	\$ -	\$ -
Contracted services	36,480	1,875	8,231	-	73,486
Community development	2,800	1,241	-	-	19,174
Supplies	2,672	3,431	198	24	28,033
Travel	4,057	657	610	393	1,985
Program costs	18,446	8,608	1,690	1,877	75,519
Printing	1,743	1,161	713	-	3,151
Advertising and marketing	250	6,021	3,037	-	3,364
Computer services	1,594	1,322	948	-	2,713
Postage	-	-	-	-	-
Telephone	600	765	720	-	1,035
Insurance	329	330	330	-	918
Rent	1,450	-	2,150	-	5,550
Depreciation	-	-	-	-	-
Meals	-	-	-	-	14
Dues and subscriptions	150	300	-	-	-
In kind volunteer time	7,489	-	7,292	-	35,769
Miscellaneous	294	-	2	-	-
Total expenses	\$ 78,354	\$ 26,511	\$ 25,921	\$ 2,294	\$ 250,711
Total personnel costs and expenses	\$ 154,854	\$ 75,180	\$ 65,721	\$ 17,500	\$ 334,384

See notes to financial statements.

Community Facilitation and Grants	Assessments	Total Program Services	Supporting Activities			Total Expenses
			Fundraising	Management and General	Total Supporting Activities	
\$ 36,289	\$ 36,289	\$ 307,448	\$ 36,289	\$ 36,288	\$ 72,577	\$ 380,025
2,422	2,422	15,478	2,422	2,420	4,842	20,320
<u>2,849</u>	<u>2,849</u>	<u>24,042</u>	<u>2,849</u>	<u>2,847</u>	<u>5,696</u>	<u>29,738</u>
<u>\$ 41,560</u>	<u>\$ 41,560</u>	<u>\$ 346,968</u>	<u>\$ 41,560</u>	<u>\$ 41,555</u>	<u>\$ 83,115</u>	<u>\$ 430,083</u>
\$ 1,627	\$ 1,627	\$ 4,054	\$ 1,627	\$ 1,627	\$ 3,254	\$ 7,308
1,837	1,837	123,746	1,837	1,837	3,674	127,420
90	90	23,395	90	88	178	23,573
577	577	35,512	577	577	1,154	36,666
249	249	8,200	249	248	497	8,697
56	56	106,252	56	56	112	106,364
374	374	7,516	374	372	746	8,262
98	98	12,868	98	96	194	13,062
311	311	7,199	311	310	621	7,820
600	600	1,200	600	600	1,200	2,400
328	328	3,776	328	326	654	4,430
651	651	3,209	651	651	1,302	4,511
7,399	7,399	23,948	7,399	7,400	14,799	38,747
906	906	1,812	906	907	1,813	3,625
240	240	494	240	238	478	972
944	944	2,338	944	944	1,888	4,226
2,215	2,215	54,980	2,215	2,214	4,429	59,409
<u>93</u>	<u>93</u>	<u>482</u>	<u>93</u>	<u>91</u>	<u>184</u>	<u>666</u>
<u>\$ 18,595</u>	<u>\$ 18,595</u>	<u>\$ 420,981</u>	<u>\$ 18,595</u>	<u>\$ 18,582</u>	<u>\$ 37,177</u>	<u>\$ 458,158</u>
<u>\$ 60,155</u>	<u>\$ 60,155</u>	<u>\$ 767,949</u>	<u>\$ 60,155</u>	<u>\$ 60,137</u>	<u>\$ 120,292</u>	<u>\$ 888,241</u>

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

**SCHEDULE OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
For the Year Ended June 30, 2017**

	2017					
	Program Services					
	Substance Abuse Prevention	Region III Programs	Active Living /Healthy Eating	Community Health Access	Injury Free Prevention	Community Facilitation and Grants
PERSONNEL COSTS						
Salaries and wages	\$ 63,406	\$ 28,347	\$ 38,040	\$ 11,539	\$ 44,410	\$ 30,907
Employee benefits	3,606	1,480	387	822	3,937	2,253
Payroll taxes	5,074	2,254	3,310	897	3,410	2,469
Total personnel costs	\$ 72,086	\$ 32,081	\$ 41,737	\$ 13,258	\$ 51,757	\$ 35,629
EXPENSES						
Professional fees	\$ -	\$ 800	\$ -	\$ -	\$ -	\$ 1,364
Contracted services	25,445	2,000	16,620	350	60,818	5,184
Community development	5,882	720	490	915	680	185
Supplies	6,043	4,920	603	41	35,517	1,089
Travel	2,768	386	437	328	1,328	359
Program costs	29,589	13,455	2,763	519	5,889	962
Printing	1,583	1,143	1,130	-	1,335	240
Advertising and marketing	17,544	6,778	4,426	812	7,380	870
Computer services	1,642	1,156	961	-	2,168	268
Postage	-	-	-	-	-	600
Telephone	1,750	1,050	1,120	-	2,380	420
Insurance	360	361	361	-	967	648
Rent	1,000	-	2,950	2,050	4,000	7,524
Depreciation	-	-	-	-	-	1,225
Meals	-	-	-	-	53	153
Dues and subscriptions	150	300	321	-	-	899
In kind volunteer time	2,937	-	6,552	8,288	19,461	3,894
Miscellaneous	-	-	3	-	-	16
Total expenses	\$ 96,693	\$ 33,069	\$ 38,737	\$ 13,303	\$ 141,976	\$ 25,900
Total personnel costs and expenses	\$ 168,779	\$ 65,150	\$ 80,474	\$ 26,561	\$ 193,733	\$ 61,529

See notes to financial statements.

Assessments	Supporting Activities				
	Total Program Services	Fundraising	Management and General	Total Supporting Activities	Total Expenses
\$ 30,907	\$ 247,556	\$ 30,907	\$ 30,906	\$ 61,813	\$ 309,369
2,253	14,738	2,253	2,253	4,506	19,244
2,469	19,883	2,469	2,468	4,937	24,820
<u>\$ 35,629</u>	<u>\$ 282,177</u>	<u>\$ 35,629</u>	<u>\$ 35,627</u>	<u>\$ 71,256</u>	<u>\$ 353,433</u>
\$ 1,364	\$ 3,528	\$ 1,364	\$ 1,364	\$ 2,728	\$ 6,256
5,184	115,601	5,184	5,183	10,367	125,968
185	9,057	185	184	369	9,426
1,089	49,302	1,089	1,087	2,176	51,478
359	5,965	359	360	719	6,684
962	54,139	962	963	1,925	56,064
240	5,671	240	239	479	6,150
870	38,680	870	870	1,740	40,420
268	6,463	268	267	535	6,998
600	1,200	600	600	1,200	2,400
420	7,140	420	420	840	7,980
648	3,345	648	648	1,296	4,641
7,524	25,048	7,524	7,525	15,049	40,097
1,225	2,450	1,225	1,224	2,449	4,899
153	359	153	152	305	664
899	2,569	899	899	1,798	4,367
3,894	45,026	3,894	3,893	7,787	52,813
16	35	16	14	30	65
<u>\$ 25,900</u>	<u>\$ 375,578</u>	<u>\$ 25,900</u>	<u>\$ 25,892</u>	<u>\$ 51,792</u>	<u>\$ 427,370</u>
<u>\$ 61,529</u>	<u>\$ 657,755</u>	<u>\$ 61,529</u>	<u>\$ 61,519</u>	<u>\$ 123,048</u>	<u>\$ 780,803</u>