

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

FINANCIAL STATEMENTS
(Audited)

JUNE 30, 2019

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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, 2019 and 2018, and the related statements of revenues, expenses and change in net assets – modified cash basis, functional expenses – 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, 2019 and 2018, 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.

KSO CPA's, P.C.



Kearney, Nebraska
October 1, 2019

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

**STATEMENTS OF ASSETS, LIABILITIES AND
NET ASSETS - MODIFIED CASH BASIS
June 30, 2019 and 2018**

ASSETS	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 151,167	\$ 155,519
Total current assets	<u>\$ 151,167</u>	<u>\$ 155,519</u>
PROPERTY AND EQUIPMENT		
Property and equipment	\$ 48,098	\$ 38,982
Less accumulated depreciation	<u>(24,859)</u>	<u>(33,220)</u>
Property and equipment, net	<u>\$ 23,239</u>	<u>\$ 5,762</u>
OTHER ASSETS		
Investments - Kearney Area Community Foundation	\$ 318,796	\$ 317,451
Total other assets	<u>\$ 318,796</u>	<u>\$ 317,451</u>
 Total assets	 <u>\$ 493,202</u>	 <u>\$ 478,732</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Sales tax payable	\$ -	\$ 199
Payroll taxes and withholdings payable	1,069	809
Credit cards payable	<u>6,300</u>	<u>2,549</u>
Total current liabilities	<u>\$ 7,369</u>	<u>\$ 3,557</u>
 Total liabilities	 <u>\$ 7,369</u>	 <u>\$ 3,557</u>
NET ASSETS		
Without donor restriction	\$ 261,567	\$ 245,935
With donor restriction	<u>224,266</u>	<u>229,240</u>
Total net assets	<u>\$ 485,833</u>	<u>\$ 475,175</u>
 Total liabilities and net assets	 <u>\$ 493,202</u>	 <u>\$ 478,732</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, 2019 and 2018

	2019		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Contributions	\$ 188,251	\$ -	\$ 188,251
Grants	-	540,798	540,798
Grant administration	32,898	-	32,898
Grant consulting	4,268	-	4,268
Program income	466	2,660	3,126
Interest income	427	-	427
Community events	-	5,775	5,775
Miscellaneous income	4,498	437	4,935
Unrealized gains and (losses), net	9,226	-	9,226
Net assets released from restrictions:			
Program restrictions satisfied	<u>554,644</u>	<u>(554,644)</u>	<u>-</u>
Total revenues and other support	<u>\$ 794,678</u>	<u>\$ (4,974)</u>	<u>\$ 789,704</u>
EXPENSES			
Program services	\$ 660,430	\$ -	\$ 660,430
Management and general	59,302	-	59,302
Fundraising	<u>59,314</u>	<u>-</u>	<u>59,314</u>
Total expenses	<u>\$ 779,046</u>	<u>\$ -</u>	<u>\$ 779,046</u>
Change in net assets	\$ 15,632	\$ (4,974)	\$ 10,658
Net assets, beginning of year	<u>245,935</u>	<u>229,240</u>	<u>475,175</u>
Net assets, end of year	<u>\$ 261,567</u>	<u>\$ 224,266</u>	<u>\$ 485,833</u>

See notes to financial statements.

	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>

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

**STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 10,658	\$ (29,142)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,757	3,625
Unrealized gain on investments, net	(9,226)	(19,917)
(Increase) decrease in prepaid expense	-	159
Increase (decrease) in sales tax payable	(199)	(1,386)
Increase (decrease) in payroll taxes and withholdings payable	260	477
Increase (decrease) in refund payable	-	(120)
Increase (decrease) in credit cards payable	<u>3,751</u>	<u>(4,874)</u>
Net cash provided by (used in) operating activities	<u>\$ 9,001</u>	<u>\$ (51,178)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment purchased	\$ (21,234)	\$ -
Proceeds from sale of investments	8,000	7,348
Purchases of investments	<u>(119)</u>	<u>(259)</u>
Net cash provided by (used in) investing activities	<u>\$ (13,353)</u>	<u>\$ 7,089</u>
Net change in cash and cash equivalents	\$ (4,352)	\$ (44,089)
Cash and cash equivalents, beginning of year	<u>155,519</u>	<u>199,608</u>
Cash and cash equivalents, end of year	<u>\$ 151,167</u>	<u>\$ 155,519</u>

See notes to financial statements.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
For the Year Ended June 30, 2019**

	2019				
	Program Services				
	Substance Abuse Prevention	Region III Programs	Active Living /Healthy Eating	Community Health Access	Injury Free Prevention
PERSONNEL COSTS					
Salaries and wages	\$ 55,600	\$ 54,614	\$ 24,809	\$ -	\$ 57,669
Employee benefits	4,279	4,120	100	-	5,091
Payroll taxes	4,115	4,214	2,104	-	4,636
Total personnel costs	\$ 63,994	\$ 62,948	\$ 27,013	\$ -	\$ 67,396
EXPENSES					
Professional fees	\$ -	\$ 800	\$ -	\$ -	\$ -
Contracted services	30,427	1,000	-	-	6,450
Community development	3,181	3,552	-	-	9,836
Supplies	6,069	4,298	1,552	-	5,157
Travel	6,358	611	182	-	1,212
Program costs	24,082	8,121	5,534	-	118,587
Printing	1,423	801	360	-	1,265
Advertising and marketing	6,411	10,226	525	-	4,306
Computer services	1,630	1,255	448	-	94
Postage	-	-	-	-	-
Telephone	592	908	-	-	100
Insurance	322	322	322	-	322
Rent	1,914	-	3,750	-	4,600
Depreciation	-	-	-	-	-
Meals	-	-	-	-	150
Dues and subscriptions	460	-	-	-	-
In kind volunteer time	11,234	-	11,708	-	16,888
Miscellaneous	-	636	-	-	468
Total expenses	\$ 94,103	\$ 32,530	\$ 24,381	\$ -	\$ 169,435
Total personnel costs and expenses	\$ 158,097	\$ 95,478	\$ 51,394	\$ -	\$ 236,831

See notes to financial statements.

		Supporting Activities					
Community Facilitation and Grants	Assessments	Total Program Services	Fundraising	Management and General	Total Supporting Activities	Total Expenses	
\$ 33,613	\$ 33,613	\$ 259,918	\$ 33,613	\$ 33,613	\$ 67,226	\$ 327,144	
2,644	2,644	18,878	2,644	2,644	5,288	24,166	
<u>2,523</u>	<u>2,523</u>	<u>20,115</u>	<u>2,523</u>	<u>2,523</u>	<u>5,046</u>	<u>25,161</u>	
\$ 38,780	\$ 38,780	\$ 298,911	\$ 38,780	\$ 38,780	\$ 77,560	\$ 376,471	
\$ 1,775	\$ 1,774	\$ 4,349	\$ 1,774	\$ 1,774	\$ 3,548	\$ 7,897	
-	-	37,877	-	-	-	37,877	
75	75	16,719	75	74	149	16,868	
1,508	1,508	20,092	1,508	1,507	3,015	23,107	
(102)	(102)	8,159	(102)	(100)	(202)	7,957	
468	468	157,260	468	469	937	158,197	
249	249	4,347	249	248	497	4,844	
521	521	22,510	521	522	1,043	23,553	
166	166	3,759	166	164	330	4,089	
711	711	1,422	711	709	1,420	2,842	
163	163	1,926	163	161	324	2,250	
826	826	2,940	826	825	1,651	4,591	
9,372	9,372	29,008	9,372	9,370	18,742	47,750	
939	939	1,878	939	940	1,879	3,757	
340	340	830	340	338	678	1,508	
846	846	2,152	846	844	1,690	3,842	
1,976	1,975	43,781	1,975	1,975	3,950	47,731	
<u>703</u>	<u>703</u>	<u>2,510</u>	<u>703</u>	<u>702</u>	<u>1,405</u>	<u>3,915</u>	
\$ 20,536	\$ 20,534	\$ 361,519	\$ 20,534	\$ 20,522	\$ 41,056	\$ 402,575	
\$ 59,316	\$ 59,314	\$ 660,430	\$ 59,314	\$ 59,302	\$ 118,616	\$ 779,046	

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

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

	2018					
	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	\$ 67,043	\$ 43,616	\$ 36,709	\$ 13,806	\$ 73,696	\$ 36,289
Employee benefits	3,861	2,129	98	156	4,390	2,422
Payroll taxes	5,596	2,924	2,993	1,244	5,587	2,849
Total personnel costs	\$ 76,500	\$ 48,669	\$ 39,800	\$ 15,206	\$ 83,673	\$ 41,560
EXPENSES						
Professional fees	\$ -	\$ 800	\$ -	\$ -	\$ -	\$ 1,627
Contracted services	36,480	1,875	8,231	-	73,486	1,837
Community development	2,800	1,241	-	-	19,174	90
Supplies	2,672	3,431	198	24	28,033	577
Travel	4,057	657	610	393	1,985	249
Program costs	18,446	8,608	1,690	1,877	75,519	56
Printing	1,743	1,161	713	-	3,151	374
Advertising and marketing	250	6,021	3,037	-	3,364	98
Computer services	1,594	1,322	948	-	2,713	311
Postage	-	-	-	-	-	600
Telephone	600	765	720	-	1,035	328
Insurance	329	330	330	-	918	651
Rent	1,450	-	2,150	-	5,550	7,399
Depreciation	-	-	-	-	-	906
Meals	-	-	-	-	14	240
Dues and subscriptions	150	300	-	-	-	944
In kind volunteer time	7,489	-	7,292	-	35,769	2,215
Miscellaneous	294	-	2	-	-	93
Total expenses	\$ 78,354	\$ 26,511	\$ 25,921	\$ 2,294	\$ 250,711	\$ 18,595
Total personnel costs and expenses	\$ 154,854	\$ 75,180	\$ 65,721	\$ 17,500	\$ 334,384	\$ 60,155

See notes to financial statements.

<u>Assessments</u>	<u>Total Program Services</u>	<u>Supporting Activities</u>		<u>Total Supporting Activities</u>	<u>Total Expenses</u>
		<u>Fundraising</u>	<u>Management and General</u>		
\$ 36,289	\$ 307,448	\$ 36,289	\$ 36,288	\$ 72,577	\$ 380,025
2,422	15,478	2,422	2,420	4,842	20,320
<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>\$ 346,968</u>	<u>\$ 41,560</u>	<u>\$ 41,555</u>	<u>\$ 83,115</u>	<u>\$ 430,083</u>
\$ 1,627	\$ 4,054	\$ 1,627	\$ 1,627	\$ 3,254	\$ 7,308
1,837	123,746	1,837	1,837	3,674	127,420
90	23,395	90	88	178	23,573
577	35,512	577	577	1,154	36,666
249	8,200	249	248	497	8,697
56	106,252	56	56	112	106,364
374	7,516	374	372	746	8,262
98	12,868	98	96	194	13,062
311	7,199	311	310	621	7,820
600	1,200	600	600	1,200	2,400
328	3,776	328	326	654	4,430
651	3,209	651	651	1,302	4,511
7,399	23,948	7,399	7,400	14,799	38,747
906	1,812	906	907	1,813	3,625
240	494	240	238	478	972
944	2,338	944	944	1,888	4,226
2,215	54,980	2,215	2,214	4,429	59,409
<u>93</u>	<u>482</u>	<u>93</u>	<u>91</u>	<u>184</u>	<u>666</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>\$ 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.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

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.

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, 2019 and 2018

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 \$55,573 in 2019 and \$41,297 in 2018. 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 \$23,553 and \$13,062 for the years ended June 30, 2019 and 2018, 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, 2019 and 2018

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 Statements 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 adopted 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.

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, 2019 and 2018

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, 2019, BCCHP had total cash balances of \$193,701, 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:

	2019	2018
Endowment	\$ 318,796	\$ 317,451
Total	\$ 318,796	\$ 317,451

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

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, 2019, 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:

	2019		
	Without Restriction	With Restriction	Total Endowment Net Assets
Donor restricted endowment funds:			
Original gift held in perpetuity	\$ -	\$ 188,232	\$ 188,232
Accumulated investment income, net	130,564	-	130,564
Total endowment net assets	<u>\$ 130,564</u>	<u>\$ 188,232</u>	<u>\$ 318,796</u>
	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	129,338	-	129,338
Total endowment net assets	<u>\$ 129,338</u>	<u>\$ 188,113</u>	<u>\$ 317,451</u>

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

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

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

	2019		
	Without Restriction	With Restriction	Total Endowment Net Assets
Endowment net assets--beginning	\$ 129,338	\$ 188,113	\$ 317,451
Restricted contributions	-	119	119
Investment income, net	9,226	-	9,226
Appropriation of endowment assets for expenditure	(8,000)	-	(8,000)
Endowment net assets--ending	\$ 130,564	\$ 188,232	\$ 318,796
	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
Appropriation of endowment assets for expenditure	-	-	-
Endowment net assets--ending	\$ 129,338	\$ 188,113	\$ 317,451

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.

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Note 5. **Property and Equipment**

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

	2019			
	Beginning Balance	Additions	Dispositions	Ending Balance
Furniture and equipment	\$ 38,982	\$ 21,234	\$ (12,118)	\$ 48,098
Subtotal	\$ 38,982	\$ 21,234	\$ (12,118)	\$ 48,098
Accumulated depreciation	(33,220)	(3,757)	12,118	(24,859)
TOTAL	\$ 5,762	\$ 17,477	\$ -	\$ 23,239
	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

Depreciation expense for the years ended June 30, 2019 and 2018, was \$3,757 and \$3,625, 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.
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Note 6. **Leases (continued)**

Future lease payments are as follows:

Year Ended June 30	Lease Payment
2020	\$ 1,935
2021	1,935
2022	<u>646</u>
Total	<u>\$ 4,516</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, 2019 and 2018, BCCHP recognized in kind rent expense of \$36,736 and \$27,247, respectively.

Note 7. **Net Assets With Donor Restrictions**

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

	<u>2019</u>	<u>2018</u>
Purpose restriction:		
Humanities	\$ 1,968	\$ -
Keno	530	-
Be Well	33,015	20,848
Worksite Wellness	-	775
Rooted in Relationships	-	9,753
Diabetes Network	-	9,042
DFC	521	309
Red Ribbon Week	-	400
Held in perpetuity:		
Endowment With Donor Restrictions	<u>188,232</u>	<u>188,113</u>
Total with donor restrictions	<u>\$ 224,266</u>	<u>\$ 229,240</u>

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
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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 \$22,118 and \$17,493 for the years ended June 30, 2019 and 2018, 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 \$7,341 and \$5,268 for the years ended June 30, 2019 and 2018, respectively. In the year ended June 30, 2018, the Board had authorized the Executive Director to use paid time off for 2018-2019 in advance of accrual, which resulted in a balance owed to BCCHP of \$1,534 at June 30, 2018. 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.
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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, 2019:

	Level 1	Level 2	Level 3	Total
Funds held by KACF	\$ -	\$ -	\$ 318,796	\$ 318,796

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

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, 2018	\$ 317,451
Contributions	119
Withdrawals	(8,000)
Unrealized gain/loss	12,363
Fees	(3,137)
Balance at June 30, 2019	\$ 318,796

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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, 2019, BCCHP made payments to Kearney Public Schools totaling \$51,333.

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, 2017, 2018, and 2019 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, 2019:

Cash, including donor restrictions for program operations	\$ 151,167
Endowment appropriation	<u>6,528</u>
Total	<u><u>\$ 157,695</u></u>

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.
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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 \$418,137 based on the budgeted expenditures for the year ending June 30, 2020. 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 1, 2019, the date that the financial statements were issued or available to be issued.