

**COMMUNITY HEALTH WORKS, INC.
MACON, GEORGIA**

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

ASSETS

Current Assets:

Cash	\$ 337,461
Investments - other	629,095
Contracts receivable	199,837
Prepaid expenses	<u>16,094</u>

Total Current Assets 1,182,487

Property and Equipment:

Machinery and equipment	74,093
Less: accumulated depreciation	<u>(74,093)</u>

Net Property and Equipment -

TOTAL ASSETS \$ 1,182,487

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 132,390
Accrued payroll liabilities	14,461
Compensated absences	35,907
Deferred revenue	<u>79,699</u>

Total Current Liabilities 262,457

TOTAL LIABILITIES 262,457

Net Assets:

Without donor restrictions	
Undesignated	<u>920,030</u>
TOTAL NET ASSETS	<u><u>920,030</u></u>

TOTAL LIABILITIES AND NET ASSETS \$ 1,182,487

The accompanying notes are an integral part of these statements.

**COMMUNITY HEALTH WORKS, INC.
MACON, GEORGIA**

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>
REVENUES AND SUPPORT	
Contract revenue	
Non-Government Grant & Contracts	\$ 38,158
State Government Grants & Contracts	377,448
Other contract revenue	2,620
Contributions	17,174
Forgiveness of PPP loan	51,795
Program revenue	66,451
Interest revenue	<u>7,976</u>
TOTAL REVENUES AND SUPPORT	<u>561,622</u>
EXPENSES	
Program services	593,760
Supporting services	<u>142,035</u>
TOTAL EXPENSES	<u>735,795</u>
CHANGE IN NET ASSETS	(174,173)
NET ASSETS-BEGINNING OF YEAR	<u>1,094,203</u>
NET ASSETS-END OF YEAR	<u><u>\$ 920,030</u></u>

The accompanying notes are an integral part of these statements.

**COMMUNITY HEALTH WORKS, INC.
MACON, GEORGIA**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Personnel:			
Salaries	\$ 212,491	\$ 65,995	\$ 278,486
Other personnel expense	62,975	25,784	88,759
Bank and Credit Card Fees	923	-	923
Contract expenses	150,961	-	150,961
Depreciation	-	157	157
Dues and Subscriptions	1,229	-	1,229
Education	2,440	-	2,440
Grants to other organizations and individuals	26,378	-	26,378
Insurance	11,929	-	11,929
Legal and professional	42,451	7	42,458
Marketing	5,123	-	5,123
Meetings expense	4,248	122	4,370
Miscellaneous expense	1,562	30	1,592
Postage	938	-	938
Printing & publications	1,250	-	1,250
Rent	3,019	48,462	51,481
Supplies	19,537	336	19,873
Telephone	13,486	50	13,536
Travel	18,911	1,092	20,003
Vehicle expenses	<u>13,909</u>	<u>-</u>	<u>13,909</u>
 Total Expenses	 <u>\$ 593,760</u>	 <u>\$ 142,035</u>	 <u>\$ 735,795</u>

The accompanying notes are an integral part of these statements.

**COMMUNITY HEALTH WORKS, INC.
MACON, GEORGIA**

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Contributed Support Received:	
Unrestricted support	\$ 489,054
Interest received	7,976
Cash paid for:	
Salaries and benefits	(349,128)
Operating expenses	<u>(287,534)</u>
NET CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES	<u>(139,632)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Proceeds from PPP loan	<u>81,494</u>
NET CASH PROVIDED BY/(USED FOR) NONCAPITAL FINANCING ACTIVITIES	<u>81,494</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	<u>(7,651)</u>
NET CASH PROVIDED BY/(USED FOR) INVESTING ACTIVITIES	<u>(7,651)</u>

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (65,789)

BEGINNING CASH 403,250

ENDING CASH \$ 337,461

Reconciliation of Increase in Net Assets to
Net Cash Provided by Operating Activities:

Increase (Decrease) in net assets	<u>\$ (174,173)</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Depreciation	157
Forgiveness of PPP loan included in net assets	(51,795)
(Increase) decrease in contracts receivable	(16,838)
(Increase) decrease in employee advances	1,500
(Increase) decrease in prepaids	2,541
Increase (decrease) in accounts payable	30,859
Increase (decrease) in accrued liabilities	7,954
Increase (decrease) in deferred revenue	<u>50,000</u>
Total Adjustments	<u>34,541</u>

Net Cash Provided by/(Used for) Operating Activities \$ (139,632)

SUPPLEMENTAL DISCLOSURE

Noncash PPP loan forgiveness 51,795

The accompanying notes are an integral part of these statements.

COMMUNITY HEALTH WORKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Effective October 23, 2019, Health Care Central Georgia, Inc. changed its name to Community Health Works, Inc. Community Health Works, Inc. (the “Organization”) is a nonprofit organization established in 2001. The Organization is seeking innovative health solutions and providing compassionate advocacy for people financially compromised by their medical needs, while reducing the burdens on local health providers. The mission is to leverage the Organization’s knowledge and creativity to develop innovative ideas and programs that improve the overall health communities served. The vision is to obtain better health care for all.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Deposits and Investments

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Certificate of deposits held for investment that are not debt securities, with original maturities greater than three months, are included in “Investment – other.”

Income Taxes

Community Health Works, Inc. is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Property and Equipment

Property and equipment acquisitions are recorded at cost, estimated cost, or if donated, at fair market value on the date of donation. The Organization defines capital equipment as items that cost over \$5,000 per unit and have a life expectancy of at least one year. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method.

Equipment	5 years
Software	3 years

Revenue Recognition

Revenues are displayed in two broad categories.

Earned revenues represent fees earned or revenue generated through the performance or provision of services. These exchange transactions are reported as without donor restriction revenue.

The Organization recognizes all contributed support as income in the period received. Contributed support is reported as with donor restrictions if there are donor stipulations that limit the use of the support. When a donor stipulated time restriction ends or purpose restriction is accomplished, the amount is reported in the statement of activity as net assets released from restrictions. The Organization reports donor-restricted contributions as revenue in the net assets without donor restrictions provided the donor restrictions are met in the same reporting period. All other contributions are recognized as without donor restriction.

COMMUNITY HEALTH WORKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-kind Support

The Organization receives various types of in-kind support, including contributed services. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. Any amounts reflected as in-kind support are offset by like amounts included in expenses. For the fiscal year ended June 30, 2020, no contributed professional services were reported, in accordance with these criteria. The Organization did not report any in-kind support for the fiscal year 2020.

Additionally, the Organization receives services donated by its members that do not meet the two recognition criteria described above. Accordingly, the value of this contributed time has not been determined, and is not reflected in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. Salaries, benefits, professional services, office expenses, and insurance are allocated based on time and effort spent on these functions by specified employees as estimated by management. All other costs are charged directly to the appropriate functional category.

Estimates

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

Net Assets

The accompanying financial statements have been prepared in accordance with the Financial Accounting Standards Board (FASB) in Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*. Under ASC 958, the Organization is required to present its net assets and its revenue and gains (losses) based upon the existence or absence of donor-imposed restrictions.

Net Assets Without Donor Restrictions – The portion of net assets that has no use or time restrictions. Net assets available for general use and not subject to donor restrictions. Net assets without donor restrictions also include the investment in property and equipment, net of accumulated depreciation.

Net Assets With Donor Restrictions – The portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event. Net assets resulting from contribution earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Organization and/or the passage of time. The Organization has no donor restricted assets as of June 30, 2020.

COMMUNITY HEALTH WORKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Standard Update (“ASU”) 2016-14

The Organization adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of July 1, 2018. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows. The adoption of ASU 2016-14 did not have a material impact on the Organization’s net assets or changes in the net assets, but changed previous presentation and disclosure requirements. The amendments in ASU 2016-14 reduced the number of net asset classes on the statements of financial position to two, to “without” and “with” donor restrictions, and increased related disclosure requirements; required the presentation of income from investments to be presented net of expenses on the statements of activities; required the presentation of expenses by nature and function in the financial statements; and required specific disclosures regarding qualitative and quantitative information about how the Organization manages its liquidity and liquidity risk.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2020
Cash	\$ 337,461
Receivables	199,837
Investments	<u>629,095</u>
Total	<u>\$ 1,166,393</u>

As part of the Organization’s liquidity management plan, financial assets are structured to be available as awarded grants, general expenditures, liabilities, and other obligations become due. The Organization invests cash in excess of daily requirements in short-term investments and money market funds.

NOTE 3 – DEPOSITS AND INVESTMENTS

As of June 30, 2020, the carrying amount of the Organization’s deposits was \$337,461 for cash and \$629,095 for certificates of deposit, and the bank balance was \$349,377 for cash and \$629,095 for certificates of deposit.

Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2020, the Organization’s uninsured deposit balances total \$480,314. This risk of exposure is mitigated by a quarterly review of each bank’s capitalization. The banks are well capitalized.

NOTE 4 – CONTRACTS RECEIVABLE

Contracts receivable represent funds earned for the period ending June 30, 2020, which have not been received. All contracts receivable are considered earned support and are expected to mature in the next fiscal year. Based upon management estimates, no allowance for uncollectible receivables has been provided.

COMMUNITY HEALTH WORKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 – PROPERTY AND EQUIPMENT

At June 30, 2020, property, equipment and related accumulated depreciation were as follows:

Machinery & Equipment	\$ 74,093
Less: Accumulated Depreciation	<u>(74,093)</u>
Net Capital Assets	<u><u>\$ -</u></u>
Depreciation expense	<u><u>\$ 158</u></u>

NOTE 6 – COMPENSATED ABSENCES

The Organization provides personal leave time to its full-time employees. Full-time employees are eligible to accrue personal leave up to a maximum amount that is based upon the years of service. The maximum leave accrual ranges from 144 hours to 400 hours, depending on the years of service. Leave accrual rates range from 3.69 to 6.15 days per pay period, depending on years of service. Regular full-time employees can sell back up to 50% of their leave balance. The sell-backs can occur up to four times each year. The liability due to employees is titled compensated absences in the statement of financial position. Total compensated absences at June 30, 2020, is \$35,907.

NOTE 7 – CLAIMS AND LITIGATION

In the ordinary course of conducting business, the Organization may become involved in lawsuits, administrative and other proceedings. There are no known potential liabilities that will impair the Organization's financial position as of the date of this report.

NOTE 8 – INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the year ended June 30, 2020, the Organization is taking the position that all income is derived as a result of its tax-exempt purpose and there is no income derived from unrelated business activities. As a result, no tax liability has been recorded. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's federal Return of Organization Exempt from Income Tax (Form 990) for 2017, 2018 and 2019 are subject to examination by the IRS, generally for three years after they were filed.

COMMUNITY HEALTH WORKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 – RELATED PARTIES

Transactions with Rural Health Works and Insuring Georgia are considered related party transactions. Community Health Works, Inc., Rural Health Works, and Insure Georgia have the same board members and management. Community Health Works, Inc. has no ownership of Rural Health Works or Insure Georgia.

Community Health Works, Inc. provides services to Rural Health Works and earns revenues from those services. Community Health Works, Inc. earned \$1,538 from this contract during the year ending June 30, 2020. A receivable totaling \$78,775 is due from Rural Health Works at June 30, 2020.

Community Health Works, Inc. has extended a long-term loan to Insure Georgia to fund its initial operations. A receivable totaling \$112,031 is due from Insure Georgia at June 30, 2020.

NOTE 10 – COVID-19

In December 2019, a strand of coronavirus (COVID-19) began to spread worldwide, resulting in a severe impact to the United States economy. In March 2020, the World Health Organization declared the outbreak a pandemic. The spread of COVID-19 has had a negative impact on virtually all businesses and individuals which comprise the tax base of all levels of government. The full extent of this impact is uncertain and cannot be reasonably estimated at this time.

NOTE 11 – PAYCHECK PROTECTION PROGRAM

The Organization is using ASC 958-605, *Revenue Recognition*, to recognize income from Paycheck Protection Program (PPP) loan forgiveness. The PPP loan of \$81,494 was received on May 11, 2020. As of June 30, 2020, the Organization had substantially met the requirements for loan forgiveness for \$51,795 of the loan. Related expenses were incurred in fiscal year 2020 and all material loan forgiveness requirements such as headcount had been met. Therefore, the PPP loan is partially recognized as forgiven and the income is reflected in the income statement as *Forgiveness of PPP Loan*. The Organization requested loan forgiveness in fiscal year 2021.

At June 30, 2020, a portion of the PPP loan had not substantially met the requirements for the loan forgiveness due to the timing of the receipt. Therefore, \$29,699 of the funds received is recognized as deferred revenue at June 30, 2020. Subsequent to June 30, 2020, related expenses were incurred and all material loan forgiveness requirements such as headcount were met. Therefore, the PPP loan is expected to be forgiven, resulting in \$29,699 of grant revenue in fiscal year 2021. The Organization has requested legal release from the loan.

NOTE 12 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 2, 2021, the date which the financial statements were available to be issued.