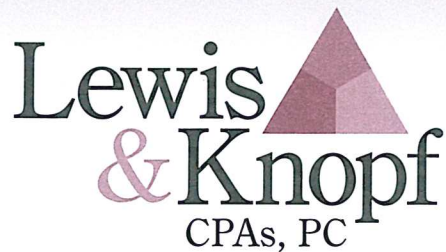


GREATER FLINT HEALTH COALITION, INC.

FLINT, MICHIGAN

AUDIT REPORT FOR THE YEAR ENDED MARCH 31, 2019



August 14, 2019

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Greater Flint Health Coalition, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Greater Flint Health Coalition, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows 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 accounting principles generally accepted in the United States of America; this includes 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 financial position of Greater Flint Health Coalition, Inc. as of March 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2019, on our consideration of Greater Flint Health Coalition, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Greater Flint Health Coalition, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greater Flint Health Coalition, Inc.'s internal control over financial reporting and compliance.

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS



GREATER FLINT HEALTH COALITION, INC. – FLINT, MICHIGAN

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GREATER FLINT HEALTH COALITION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$1,444,039	\$1,036,669
Receivables	750,026	551,949
Prepaid Expenses	23,067	18,535
Total Current Assets	<u>\$2,217,132</u>	<u>\$1,607,153</u>
<u>FIXED ASSETS</u>		
Computer Equipment	229	229
Furniture & Fixtures	90,226	90,226
Office Equipment	8,599	8,599
Tenant Improvements	46,376	46,376
Total Fixed Assets	<u>\$145,430</u>	<u>\$145,430</u>
Less: Accumulated Depreciation	<u>143,793</u>	<u>142,623</u>
Net Fixed Assets	<u>\$1,637</u>	<u>\$2,807</u>
<u>OTHER ASSETS</u>		
Security Deposit	<u>500</u>	<u>500</u>
<u>TOTAL ASSETS</u>	<u>\$2,219,269</u>	<u>\$1,610,460</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$5,926	\$1,109
Accrued Salaries and Related Expenses	81,775	80,434
Deferred Revenue	1,203,615	852,617
Total Current Liabilities	<u>\$1,291,316</u>	<u>\$934,160</u>
<u>NET ASSETS</u>		
<u>Without Donor Restrictions</u>		
Undesignated	927,953	676,300
<u>With Donor Restrictions</u>		
Time-Restricted for Future Periods	0	0
Total Net Assets	<u>\$927,953</u>	<u>\$676,300</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$2,219,269</u>	<u>\$1,610,460</u>

See accompanying notes and auditor's opinion.

GREATER FLINT HEALTH COALITION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	TOTAL
<u>CHANGES IN NET ASSETS:</u>			
Support and Revenue:			
Contributions	\$392,500	\$0	\$392,500
Grants and Contributions for Program Activities	0	4,730,347	4,730,347
Interest Income	3,522	0	3,522
Other Income	5,421	0	5,421
Total Support and Revenue	\$401,443	\$4,730,347	\$5,131,790
<u>NET ASSETS RELEASED FROM RESTRICTIONS</u>	4,730,347	(4,730,347)	0
Total Support and Revenue and Reclassifications	\$5,131,790	\$0	\$5,131,790
<u>EXPENSES</u>			
Program Services	4,739,415	0	4,739,415
Management and General	140,722	0	140,722
Total Expenses	\$4,880,137	\$0	\$4,880,137
Change in Net Assets	\$251,653	\$0	\$251,653
<u>NET ASSETS - BEGINNING OF YEAR</u>	676,300	0	676,300
<u>NET ASSETS - END OF YEAR</u>	\$927,953	\$0	\$927,953

See accompanying notes and auditor's opinion.

2018		
Without Donor Restrictions	With Donor Restrictions	TOTAL
\$427,500	\$0	\$427,500
0	3,676,755	3,676,755
1,441	0	1,441
10,471	0	10,471
<u>\$439,412</u>	<u>\$3,676,755</u>	<u>\$4,116,167</u>
<u>3,676,755</u>	<u>(3,676,755)</u>	<u>0</u>
<u>\$4,116,167</u>	<u>\$0</u>	<u>\$4,116,167</u>
3,671,987	0	3,671,987
334,614	0	334,614
<u>\$4,006,601</u>	<u>\$0</u>	<u>\$4,006,601</u>
\$109,566	\$0	\$109,566
<u>566,734</u>	<u>0</u>	<u>566,734</u>
<u>\$676,300</u>	<u>\$0</u>	<u>\$676,300</u>

GREATER FLINT HEALTH COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2019 WITH COMPARATIVE TOTALS FOR 2018

	2019			Memo Only 2018
	Program	Management and General	Total	Total
<u>EXPENSES</u>				
Salaries	\$1,888,821	\$204,123	\$2,092,944	\$1,691,396
Payroll Taxes	193,619	14,709	208,328	169,289
Employee Benefits	282,167	42,188	324,355	262,244
Total	\$2,364,607	\$261,020	\$2,625,627	\$2,122,929
Accounting and Audit	45,323	73,851	119,174	98,731
Conferences, Conventions and Meetings	15,589	16,306	31,895	19,043
Contract Services	1,291,435	28,126	1,319,561	1,102,638
Depreciation	0	1,170	1,170	1,654
Dues	540	2,637	3,177	3,135
Indirect Costs	401,701	(401,701)	0	0
Insurance	0	22,055	22,055	17,919
Legal	0	0	0	3,905
Marketing	35,027	0	35,027	7,793
Occupancy	64,866	46,596	111,462	99,001
Office Expense	44,153	17,198	61,351	115,854
Parking	24,128	4,876	29,004	22,500
Postage and Shipping	2,508	1,162	3,670	3,297
Printing	30,008	9,960	39,968	29,954
Recruitment	8,272	1,750	10,022	11,685
Supplies	18,631	13,796	32,427	36,953
Telephone/IMS	45,527	38,551	84,078	52,317
Training and Support Services	325,235	0	325,235	241,960
Travel and Transportation	19,465	3,369	22,834	15,333
Tuition Reimbursement	2,400	0	2,400	0
<u>TOTAL EXPENSES</u>	<u>\$4,739,415</u>	<u>\$140,722</u>	<u>\$4,880,137</u>	<u>\$4,006,601</u>

See accompanying notes and auditor's opinion.

GREATER FLINT HEALTH COALITION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$251,653	\$109,566
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided By Operating Activities		
Depreciation	1,170	1,654
(Increase) Decrease in Assets:		
Receivables	(198,077)	(283,091)
Prepaid Expenses	(4,532)	(3,380)
Increase (Decrease) in Liabilities:		
Accounts Payable	4,817	(16,596)
Accrued Salaries and Related Expenses	1,341	18,822
Deferred Revenue	350,998	141,992
Net Cash Provided By (Used In) Operating Activities	<u>\$407,370</u>	<u>(\$31,033)</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	\$407,370	(\$31,033)
Cash and Cash Equivalents - Beginning of Year	<u>1,036,669</u>	<u>1,067,702</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$1,444,039</u>	<u>\$1,036,669</u>

See accompanying notes and auditor's opinion.

GREATER FLINT HEALTH COALITION, INC.
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) NATURE OF ACTIVITIES

Greater Flint Health Coalition, Inc. (Coalition) is a nonprofit corporation whose mission is to improve the health status of the residents of Genesee County and improve the quality and cost effectiveness of the health care system of Genesee County. It is both a community/institutional partnership and multifaceted collaboration.

B) BASIS OF ACCOUNTING

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

C) FINANCIAL STATEMENT PRESENTATION

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing body has designated, from net assets without donor restrictions, net assets that are undesignated, net assets for an operating reserve, and board-designated assets.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The Coalition places temporary cash investments with local financial institutions. At times, such investments may be in excess of the FDIC insurance limit.

E) RECOGNITION OF CONTRIBUTIONS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

F) GRANTS RECEIVABLE

Grants receivable consists of amounts due from granting agencies and contract reimbursements. The Coalition considers grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

G) FIXED ASSETS

Fixed asset acquisitions are recorded at cost. Depreciation is provided on the estimated useful life of each class of depreciable assets and is computed using the straight-line method. When items of fixed assets are sold or retired, the related cost and accumulated depreciation is removed from the accounts and any gain or loss is included in income (results of operations). Effective April 1, 2008, the Coalition's capitalization policy is \$5,000.

GREATER FLINT HEALTH COALITION, INC.
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

I) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

J) INCOME TAXES

Greater Flint Health Coalition, Inc. is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Coalition has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization does not have any accruals or uncertain tax positions that materially impact the financial statements. It is not anticipated that unrecognized tax benefits would significantly increase or decrease within the next twelve months of the reporting date.

K) DONATED SERVICES

The value of donated services is not reflected in the accompanying financial statements, since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time to program operations.

L) FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair values due to short maturities of these financial instruments. Based on current borrowing rates, the carrying amount of notes payable approximate their fair values.

M) CHANGE IN ACCOUNTING PRINCIPLE

On August 18, 2016 FASB issued Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

2) CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying value of the cash, on the Organization's books is \$1,444,039 and \$1,036,669 for 2019 and 2018, respectively.

The Organization's bank balance, classified as to risk is as follows:

	<u>2019</u>	<u>2018</u>
Insured (FDIC or FSLIC)	\$ 500,000	\$ 500,000
Uninsured – Uncollateralized	<u>1,157,398</u>	<u>729,856</u>
<u>TOTAL</u>	<u>\$ 1,657,398</u>	<u>\$ 1,229,856</u>

GREATER FLINT HEALTH COALITION, INC.
NOTES TO FINANCIAL STATEMENTS

3) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2019	2018
Cash and Cash Equivalents	\$ 1,444,039	\$ 1,036,669
Accounts Receivable	750,026	551,949
<u>TOTAL</u>	<u>\$ 2,194,065</u>	<u>\$ 1,588,618</u>

4) FIXED ASSETS

Fixed assets and the estimated useful lives consist of the following at March 31:

	2019	2018	USEFUL LIVES (YEARS)
Computer Equipment	\$ 229	\$ 229	5
Furniture & Fixtures	90,226	90,226	10
Office Equipment	8,599	8,599	5
Tenant Improvements	46,376	46,376	7-15
<u>TOTAL FIXED ASSETS</u>	<u>\$ 145,430</u>	<u>\$ 145,430</u>	

Depreciation expense for the years ended March 31, 2019 and 2018 was \$1,170 and \$1,654, respectively.

5) PENSION

The Coalition has implemented a 403(b) retirement plan. The Coalition will contribute a matching amount of 100% on the first 5% of an employee's salary. The Coalition contributed \$52,221 and \$42,502 as a match during the years ended March 31, 2019 and 2018, respectively.

The Coalition offers the President & CEO the opportunity to defer compensation under a 457(b) plan. Employee contributions are not required and the Coalition contributions are based on a percentage of salary. The Coalition contributed \$10,751 and \$10,540 for the years ended March 31, 2019 and 2018, respectively.

6) RELATED PARTY

The Coalitions has established contractual relationships with various organizations in the community. Representatives from these organizations sit on the board at the Coalition, in some instances.

7) CONTINGENCIES AND COMMITMENTS

The Coalition participates in a number of federal, state and locally assisted grant programs. These programs are subject to compliance audits. The amount, if any, of expenditures which may be disallowed by the grant agencies cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

8) SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the auditor's opinion, the date on which the financial statements were available to be issued.

GREATER FLINT HEALTH COALITION, INC.
SUMMARY OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED MARCH 31, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency (ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency (ies) identified? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)?

☐ Yes ☒ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.624	ACA State Innovation Models

Dollar threshold use to distinguish between type A and type B programs:

\$ 750,000.00

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no current year findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current year findings.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings.