

**PARTNERS ALIGNED TOWARD HEALTH**

INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2018



CORLISS &  
SOLOMON  
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

# Partners Aligned Toward Health

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Partners Aligned Toward Health  
Burnsville, North Carolina

We have audited the accompanying financial statements of Partners Aligned Toward Health, which comprise the statement of assets, liabilities, and net assets—modified cash basis as of September 30, 2018, and the related statement of support, expenses, and changes in net assets—modified cash basis for the year 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 above present fairly, in all material respects, the assets, liabilities and net assets of Partners Aligned Toward Health, as of September 30, 2018, and its support, expenses and changes in its net assets for the year then ended on the basis of accounting 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 that matter.

**Report on Summarized Comparative Information**

We have previously audited the 2017 financial statements of Partners Aligned Toward Health, and our report dated February 19, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Carliss & Solomon, PLLC*

Asheville, North Carolina  
February 25, 2019

## Partners Aligned Toward Health

### Statement of Assets, Liabilities and Net Assets-Modified Cash Basis

As of September 30, 2018

(With summarized comparative totals as of September 30, 2017)

	<u>2018</u>	<u>2017</u>
<b><u>Assets</u></b>		
<u>Current Assets</u>		
Cash and Equivalents	\$ 106,775	\$ 68,978
Total Current Assets	<u>106,775</u>	<u>68,978</u>
<u>Long-Term Assets</u>		
Property and Equipment, Net	<u>11,921</u>	<u>12,055</u>
Total Long-Term Assets	<u>11,921</u>	<u>12,055</u>
<b>Total Assets</b>	<b><u>\$ 118,696</u></b>	<b><u>\$ 81,033</u></b>
<b><u>Liabilities and Net Assets</u></b>		
<u>Current Liabilities</u>		
Credit Card Payable	465	-
Payroll Taxes Payable	<u>4,393</u>	<u>3,770</u>
Total Current Liabilities	<u>4,858</u>	<u>3,770</u>
<u>Net Assets</u>		
Unrestricted	11,701	33,747
Board Designated	<u>36,708</u>	<u>11,515</u>
Total Unrestricted	48,409	45,262
Temporarily Restricted	<u>65,429</u>	<u>32,001</u>
Total Net Assets	<u>113,838</u>	<u>77,263</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 118,696</u></b>	<b><u>\$ 81,033</u></b>

*See accompanying notes to the financial statements.*

## Partners Aligned Toward Health

### Statement of Support, Expenses and Changes in Net Assets - Modified Cash Basis

Year Ended September 30, 2018

(With comparative totals from the prior year review)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2018</u>	<u>Total 2017</u>
<b><u>Support</u></b>				
Foundation Grants	\$ 13,807	\$ 71,254	\$ 85,061	\$ 5,100
Contributions	57,313	8,540	65,853	57,109
Government Grants and Contracts	147,055	41,707	188,762	137,894
Burnsville Fit Families Event	2,910	-	2,910	9,690
In-Kind Donations	21,538	-	21,538	27,372
Interest Income	118	-	118	88
Other Income	1,958	-	1,958	2,665
Net Assets Released from Restrictions	88,073	(88,073)	-	-
<b>Total Support</b>	<b><u>332,772</u></b>	<b><u>33,428</u></b>	<b><u>366,200</u></b>	<b><u>239,918</u></b>
<b><u>Expenses</u></b>				
Salaries	202,556	-	202,556	136,852
Payroll Taxes	15,499	-	15,499	11,765
Contract Services	2,540	-	2,540	12,085
Depreciation Expense	3,051	-	3,051	2,240
Direct Program Expenses				
Advertising	1,995	-	1,995	7,428
Burnsville Fit Families Event	-	-	-	8,822
Program Food and Supplies	23,281	-	23,281	11,345
Program Coordinator	9,360	-	9,360	3,920
Training and Consultants	12,752	-	12,752	18,768
Travel and Transportation	13,628	-	13,628	21,246
Other Program Expenses	12,070	-	12,070	5,305
Dues and Subscriptions	422	-	422	1,372
Equipment and Maintenance	4,503	-	4,503	6,641
Fundraising and Development	639	-	639	1,250
Insurance	2,512	-	2,512	2,165
Miscellaneous Expense	3,628	-	3,628	1,294
Office Expenses	570	-	570	1,223
Postage and Printing	3,163	-	3,163	2,325
Professional Fees	5,700	-	5,700	5,250
Rent and Utilities (In-Kind)	10,535	-	10,535	8,012
Staff Development and Training	975	-	975	1,521
Travel and Meetings	246	-	246	179
<b>Total Expenses</b>	<b><u>329,625</u></b>	<b><u>-</u></b>	<b><u>329,625</u></b>	<b><u>271,008</u></b>
Change in Net Assets	3,147	33,428	36,575	(31,090)
Net Assets at Beginning of Year	45,262	32,001	77,263	108,353
<b>Net Assets at End of Year</b>	<b><u>\$ 48,409</u></b>	<b><u>\$ 65,429</u></b>	<b><u>\$ 113,838</u></b>	<b><u>\$ 77,263</u></b>

*See accompanying notes to the financial statements.*

# Partners Aligned Toward Health

## Notes to Financial Statements

Year Ended September 30, 2018

### 1. Description of Organization and Summary of Significant Accounting Policies

#### Description of the Organization

Partners Aligned Toward Health (PATH), brings people together to identify community needs and address public concerns in Yancey and Mitchell Counties. Using the Community Health Assessment, Partners Aligned Toward Health plans programs based on pressing health needs within the community and works with community partners to implement a broad range of health initiatives. Partners Aligned Toward Health takes a multidisciplinary approach working from the ground-up to improve public health at individual, community and systemic levels. The programs unite local partners working in collaboration toward a vision of vibrant communities of active, healthy children and families.

#### Corporate and Tax-Exempt Status

The organization was established in November 1997 as a not-for-profit corporation under the laws of the state of North Carolina and was recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code in September 1998.

#### Name Change

On March 16, 2017, Partners Aligned Toward Health changed its name from its previous legal name Graham Children's Health Services, Inc.

#### Basis of Accounting

The records of PATH are maintained on the modified cash-basis of accounting and the accompanying statements have been prepared on that basis. Modifications to the cash-basis method include recognizing in kind contributions, capitalization and depreciation of furniture and equipment, accrual of payroll tax expense and credit card payable. All other transactions are recognized as either cash basis revenues or expenses. The modified cash-basis differs from U.S. generally accepted accounting principles primarily because certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

#### Financial Statement Presentation

PATH follows standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally imposed restrictions. Descriptions of the three net asset classes are as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions and that are available for general operating expenses of the organization.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions as to the purpose and/or time of use.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that they be maintained permanently by the organization. (The organization had no permanently restricted net assets as of September 30, 2018).

Cash and Cash Equivalents

For purposes of reporting on the statement of cash flows, the organization considers all unrestricted, highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. Money market funds with investment companies are considered cash equivalents.

Property and Equipment

Property and equipment purchases are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The capitalization threshold is \$1,000 per item.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. As restrictions expire, net assets are reclassified to unrestricted net assets and are reported on the statement of support, expenses and changes in net assets as “Net assets released from restrictions.”

Grant and Contribution Income Recognition

In accordance with the modified cash-basis of accounting, the organization recognizes grants and contributions when received.

In-Kind Contributions

The organization recognizes contributed goods and the use of facilities at estimated fair market value on the date of receipt. Contributed services are recognized in the financial statements if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. When recognized, contributed services are reported at fair value.

Income Taxes/Uncertain Tax Positions

PATH is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Under the Code, however, income from certain activities not related to the organization’s tax-exempt purpose may be subject to taxation as unrelated business income. The organization had no income from unrelated business activities in 2017-18 and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). The organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**2. Cash and Equivalents**

The cash and equivalents balance consisted of the following balances held at one financial institution as of:

<u>As of September 30:</u>	<u>2018</u>	<u>2017</u>
Checking Account	\$ 8,215	\$ 16,035
Money Market Account	98,467	52,900
Petty Cash	93	43
Total Cash and Cash Equivalents	<u>\$ 106,775</u>	<u>\$ 68,978</u>



The accounts are insured in aggregate up to \$250,000 by the Federal Deposit Insurance Corporation. As of September 30, 2018, the balances did not exceed the federally insured limit. Management believes it is not exposed to any significant credit risk on its cash balances.

### 3. ***Property and Equipment***

Property and equipment consist of the following:

<u>As of September 30:</u>	<u>2018</u>	<u>2017</u>
Medical Park Land	\$ 7,614	\$ 7,614
Equipment	9,778	6,861
Less: Accumulated Depreciation	<u>(5,471)</u>	<u>(2,420)</u>
Total Property and Equipment, Net	<u>\$ 11,921</u>	<u>\$ 12,055</u>

Depreciation expense was \$3,051 and \$2,240 for the year ended September 30, 2018 and 2017, respectively.

### 4. ***Yancey County Medical Park Project***

In 2004, PATH entered into agreements with Yancey County and Mission Hospital to serve as the lead organization for the construction of a medical complex in Burnsville, NC. In 2006, construction of the main medical complex was completed, consisting of a Medical Center, combined Health Department and Home Health building, EMS facility and a Helipad. In 2008 the remaining designated parcel was transferred to the Yancey County Committee on Aging for construction of a Senior Center, with a small adjoining parcel deeded to the same in 2014.

In accordance with the agreements, PATH transferred deeds to the buildings, parking lots, and surrounding land to Mission Hospitals, Yancey County, and Yancey County Committee on Aging. Per the 2004 agreement, at the end of the project and after all the transfers to the respective parties took place, PATH retained .56 acres in the complex with a cost value of \$7,614 as is reflected on the accompanying statement of assets, liabilities and net assets.

### 5. ***Assets Held by Others***

During fiscal years 2011 through 2013, PATH received federal and foundation grant funding to purchase telemedicine equipment for the benefit of organizations throughout the community. The total cost of this equipment was \$328,132. In the years prior to the audit year, PATH retained ownership of this equipment, but since it was not being utilized by PATH it was not included as an asset on the financial statements. On October 16, 2017, PATH obtained approval from the federal funding source and transferred ownership of the assets described to the Center for Rural Health Innovation, a North Carolina nonprofit corporation.

### 6. ***Board Designated***

At the October 2017 Board meeting, the Board voted to replace the future endowment fund (see prior year Note 4) with a reserve fund in the amount of \$36,708. This amount will be reflected as a Board Designated Net Asset going forward.

**7. Temporarily Restricted Net Assets**

PATH's temporarily restricted net assets consist of the following:

<u>As of September 30:</u>	<u>2018</u>	<u>2017</u>
Medical Park Land	\$ 7,614	\$ 7,614
Mitchell After School Program	-	4,299
Yancey After School Program	6,098	1,812
Youth to Youth	1,719	-
Substance Abuse Prevention	9,099	8,486
Home Remedies	22,786	-
Healthy Yancey	613	-
Summer Food Program	1,987	5,294
Healthy Lifestyles/Healthy Behaviors	5,505	-
Sizzlin Summer Series	-	2,680
Ray-Cort Park	7,630	-
Other	662	100
Funds for Future Endowment	1,716	1,716
Total Temporarily Restricted Net Assets	<u>\$ 65,429</u>	<u>\$ 32,001</u>

**8. In Kind Donations and Contributed Use of Facilities**

PATH receives in-kind office space from Yancey County. PATH also receives in kind support for programs and advertising. Total in-kind donations are as follows:

<u>For the Year Ended September 30:</u>	<u>2018</u>	<u>2017</u>
Facilities and Utilities	\$ 14,851	\$ 8,012
Program Supplies	4,663	6,581
Staff Development	1,985	2,638
Supporting Services	39	10,141
Total In-Kind Donations	<u>\$ 21,538</u>	<u>\$ 27,372</u>

**9. Functional Expenses**

During the fiscal year ended September 30, 2018, approximately 86% of the organization's expenses related to program services, 10% percent to management and general activities, and 4% percent to fundraising.

**10. Comparative Data**

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended September 30, 2017, from which the summarized information was derived. In addition, certain reclassifications have been made to prior year information to facilitate comparison to the current year.

**11. Subsequent Events**

Subsequent events have been evaluated through February 25, 2019, which is the date the financial statements were available to be issued.