

SOUTHWEST GEORGIA CANCER COALITION, INC.

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FINANCIAL STATEMENTS

for the years ended June 30, 2007 and 2006

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## INDEPENDENT AUDITOR'S REPORT

Southwest Georgia Cancer Coalition, Inc.  
Albany, Georgia

We have audited the accompanying statements of financial position of Southwest Georgia Cancer Coalition, Inc. as of June 30, 2007 and 2006, and the related statements of revenue and support, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Southwest Georgia Cancer Coalition, Inc. as of June 30, 2007 and 2006, and the changes in net assets, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Draffin & Tucker, LLP*

Albany, Georgia  
November 1, 2007

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SOUTHWEST GEORGIA CANCER COALITION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Cash	\$ 663,553	\$ 769,727
Unconditional promises to give	99,415	39,766
Other current assets	<u>54,350</u>	<u>54,350</u>
Total current assets	817,318	863,843
Property and equipment, net	11,694	8,682
Assets limited as to use:		
Internally designated by Board	<u>56,617</u>	<u>-</u>
Total assets	\$ <u>885,629</u>	\$ <u>872,525</u>
<b>NET ASSETS</b>		
Unrestricted net assets	\$ 820,773	\$ 598,506
Temporarily restricted net assets	<u>64,856</u>	<u>274,019</u>
Total net assets	\$ <u>885,629</u>	\$ <u>872,525</u>

The independent auditor's report and accompanying notes  
are an integral part of this financial statement.

SOUTHWEST GEORGIA CANCER COALITION, INC.

STATEMENTS OF REVENUE AND SUPPORT, EXPENSES,  
AND CHANGES IN NET ASSETS  
for the years ended June 30, 2007 and 2006

	2007		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support:			
Contributions	\$ 502,630	\$ -	\$ 502,630
Grants	-	290,349	290,349
Net assets released from restrictions	<u>499,512</u>	<u>(499,512)</u>	<u>-</u>
Total revenue and support	<u>1,002,142</u>	<u>(209,163)</u>	<u>792,979</u>
Expenses:			
Contract salaries and benefits	574,037	-	574,037
Supplies and other	114,363	-	114,363
Cancer research and education	119,246	-	119,246
Depreciation and amortization	<u>4,548</u>	<u>-</u>	<u>4,548</u>
Total expenses	<u>812,194</u>	<u>-</u>	<u>812,194</u>
Excess (deficit) of revenue and support over expenses	189,948	(209,163)	( 19,215)
Other income:			
Investment income	<u>32,319</u>	<u>-</u>	<u>32,319</u>
Change in net assets	222,267	(209,163)	13,104
Net assets, beginning of year	<u>598,506</u>	<u>274,019</u>	<u>872,525</u>
Net assets, end of year	\$ <u>820,773</u>	\$ <u>64,856</u>	\$ <u>885,629</u>

2006		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 406,370	\$ -	\$ 406,370
-	522,063	522,063
<u>344,456</u>	<u>(344,456)</u>	<u>-</u>
<u>750,826</u>	<u>177,607</u>	<u>928,433</u>
343,541	-	343,541
83,514	-	83,514
211,550	-	211,550
<u>2,150</u>	<u>-</u>	<u>2,150</u>
<u>640,755</u>	<u>-</u>	<u>640,755</u>
110,071	177,607	287,678
<u>11,763</u>	<u>-</u>	<u>11,763</u>
121,834	177,607	299,441
<u>476,672</u>	<u>96,412</u>	<u>573,084</u>
\$ <u>598,506</u>	\$ <u>274,019</u>	\$ <u>872,525</u>

The independent auditor's report and accompanying notes  
are an integral part of this financial statement.

SOUTHWEST GEORGIA CANCER COALITION, INC.

STATEMENTS OF CASH FLOWS  
for the years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$ 13,104	\$ 299,441
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,548	2,150
Changes in:		
Other current assets	-	( 54,350)
Unconditional promises to give	( 59,649)	77,522
Assets internally designated	( <u>56,617</u> )	<u>-</u>
Net cash provided (used) by operating activities	( 98,614)	324,763
Cash flows from investing activities:		
Purchase of property and equipment	( <u>7,560</u> )	( <u>10,832</u> )
Increase (decrease) in cash	(106,174)	313,931
Cash, beginning of year	<u>769,727</u>	<u>455,796</u>
Cash, end of year	\$ <u>663,553</u>	\$ <u>769,727</u>

The independent auditor's report and accompanying notes  
are an integral part of this financial statement.

SOUTHWEST GEORGIA CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

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1. Summary of Significant Accounting Policies

Organization

Southwest Georgia Cancer Coalition, Inc. (Organization) is organized pursuant to the Georgia Nonprofit Corporation Code (the Code). The Organization operates exclusively for charitable, educational, scientific, and benevolent purposes in connection with cancer research as authorized by the Code and within the restrictions of Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

These financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into two classes – temporarily restricted, or unrestricted as follows:

- Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.
- Unrestricted Net Assets – Net assets which represent resources generated from operations or that are not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenditures are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Expirations or restrictions on gifts of long-lived assets or assets to be used to purchase long-lived assets are reported as reclassifications when the long-lived assets are placed in service.

Continued

SOUTHWEST GEORGIA CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

1. Summary of Significant Accounting Policies, Continued

Gifts, Contributions and Grants

Contributions, including unconditional promises to give, are recognized as revenues in the period the pledge is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. The Organization had unconditional promises to give in less than one year of \$99,415 and \$39,766 during 2007 and 2006, respectively.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method.

Income Taxes

The Organization is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

2. Property and Equipment

A summary of property and equipment at June 30, 2007 and 2006 follows:

	<u>2007</u>	<u>2006</u>
Major moveable equipment	\$ 18,392	\$ 10,832
Less accumulated depreciation	<u>6,698</u>	<u>2,150</u>
Total property and equipment	\$ <u>11,694</u>	\$ <u>8,682</u>

Depreciation expense for the years ended June 30, 2007 and 2006 amounted to \$4,548 and \$2,150, respectively.

Continued

SOUTHWEST GEORGIA CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

3. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Baker County Donations	\$ 1,000	\$ -
SWGA Cancer Care Fund	2,691	-
GCC Caregiver Education Grant – Training for Oncology nurses, Outreach, and continuing education	-	77,660
Healthcare Georgia Grant - Community Outreach	-	22,683
Merck Grant – Cancer Screening program	3,993	13,732
Regional Surgical Oncology Guarantee – Salary Guarantee	-	31,250
GCC RPE Designation	27,376	118,469
CDC PRC Grant	11,043	10,225
DHR Prostate and Colorectal	1,544	-
DCH Clinical Trials Network	9,867	-
DCH Community Health Navigation	<u>7,342</u>	<u>-</u>
Total	\$ <u>64,856</u>	\$ <u>274,019</u>

4. Related Party Transactions

The Organization's Board of Directors include the Chief Executive Officer of Archbold Medical Center, Phoebe Putney Memorial Hospital, South Georgia Medical Center, and Tift Regional Hospital.

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SOUTHWEST GEORGIA CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

4. Related Party Transactions, Continued

The following schedule shows the revenues and receivables from the related party hospitals for the years ended June 30, 2007 and 2006:

	<u>Revenue for 6/30/07</u>	<u>Revenue for 6/30/06</u>
Archbold Medical Center	\$ 83,333	\$ 62,500
Phoebe Putney Medical Center	187,500	187,500
South Georgia Medical Center	83,333	62,500
Tift Regional Hospital	<u>83,334</u>	<u>83,333</u>
Total	<u>\$ 437,500</u>	<u>\$ 395,833</u>

Phoebe Putney Memorial Hospital also paid a restricted grant of \$-0- and \$50,000 during 2007 and 2006, respectively. The Organization's salaried staff are contracted from Phoebe Putney Memorial Hospital. The Organization recorded salary and benefit expenses from this contract of \$574,037 and \$343,541 during 2007 and 2006, respectively.

5. Concentrations of Credit Risk

At June 30, 2007, the Organization had deposits at major financial institutions which exceeded Federal Depository Insurance limits. Management believes the credit risks related to these deposits is minimal.