


**SOUTHEASTERN DIABETES EDUCATION SERVICES**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

 **Marmann  
& Associates**  
Certified Public Accountants

# SOUTHEASTERN DIABETES EDUCATION SERVICES

FINANCIAL STATEMENTS – DECEMBER 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Southeastern Diabetes Education Services

We have audited the accompanying financial statements of Southeastern Diabetes Education Services (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows 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 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. 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 Southeastern Diabetes Education Services as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*marmann and associates, pc*

**Marmann & Associates, P.C.**  
**Sheffield, AL**

**March 12, 2020**

**INTEGRITY • TRUST • VALUE**

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# SOUTHEASTERN DIABETES EDUCATION SERVICES

## STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2019

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### ASSETS

Cash and cash equivalents	\$ 701,428
Investments	172,598
Prepaid expenses	4,967
Other assets	<u>1,357</u>
	880,350

*TOTAL ASSETS* \$ 880,350

### LIABILITIES AND NET ASSETS

#### LIABILITIES:

Accrued expenses	\$ 600
Deferred revenue	<u>98,750</u>

*TOTAL LIABILITIES* 99,350

#### NET ASSETS:

Without donor restrictions	734,254
With donor restrictions	<u>46,746</u>

*TOTAL NET ASSETS* 781,000

*TOTAL LIABILITIES AND NET ASSETS* \$ 880,350

*The accompanying notes are an integral part of the financial statements.*

# SOUTHEASTERN DIABETES EDUCATION SERVICES

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<i>Revenues, gains and other support</i>			
Contributions from individuals	\$ 168,076	-	\$ 168,076
Foundations & charitable trusts	292,256	-	292,256
Civic club contributions	79,671	-	79,671
Corporations	57,330	-	57,330
Camp enrollment	95,806	-	95,806
Program operations	1,028,916	-	1,028,916
Sales from store	7,225	-	7,225
Investment income	3,219	-	3,219
Realized gain on investments	12,226	-	12,226
Unrealized gain on investments	15,883	-	15,883
	1,760,608	-	1,760,608
<i>Total revenues, gains and other support</i>			
<i>Expenses and losses</i>			
Program services	1,532,767	-	1,532,767
Management and general	41,187	-	41,187
Fund-raising	113,907	-	113,907
	1,687,861	-	1,687,861
<i>Total Expenses and losses</i>			
<i>Change in net assets</i>	72,747	-	72,747
<i>Net assets at beginning of year</i>	661,507	46,746	708,253
<i>Net assets at end of year</i>	\$ 734,254	\$ 46,746	\$ 781,000

The accompanying notes are an integral part of the financial statements.

# SOUTHEASTERN DIABETES EDUCATION SERVICES

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019

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	Program Services	Management and General	Fund- Raising	Total
Salaries	\$ 118,597	\$ 23,659	\$ 57,443	\$ 199,699
Payroll taxes	9,409	1,866	4,488	15,763
Professional fees	18,158	8,301	600	27,059
Marketing/Fundraising	500	150	35,736	36,386
Training & Education	5,718	500	700	6,918
Volunteer services	15,623	3,189	-	18,812
Office expense	8,163	692	1,322	10,177
Bank charges	3,014	95	4,824	7,933
Information Technology	13,998	213	30	14,241
Insurance	14,581	1,522	-	16,103
Program supplies	120,729	187	1,100	122,016
Program operations	1,028,916	-	-	1,028,916
Travel	20,932	289	6,406	27,627
Occupancy	152,498	-	(250)	152,248
Retirement	1,931	524	1,508	3,963
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	<u>\$ 1,532,767</u>	<u>\$ 41,187</u>	<u>\$ 113,907</u>	<u>\$ 1,687,861</u>

*The accompanying notes are an integral part of the financial statements.*

# SOUTHEASTERN DIABETES EDUCATION SERVICES

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

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CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 72,747
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Increase in prepaid expenses	(148)
Decrease in accrued expenses and accounts payable	(1,105)
Decrease in deferred revenue	<u>(6,030)</u>
<i>Net cash provided by operating activities</i>	<u>65,464</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Change in value on investments	<u>(28,174)</u>
<i>Net cash provided by investing activities</i>	<u>(28,174)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	37,290
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>664,138</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 701,428</u>

*The accompanying notes are an integral part of the financial statements.*

# **SOUTHEASTERN DIABETES EDUCATION SERVICES**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

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### **NOTE 1 - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Southeastern Diabetes Education Services (the "Organization") was founded in 1949 with the primary objective of teaching children and others to manage and live with their diabetes. Diabetic education is provided by a comprehensive diabetes treatment team composed of volunteer physicians, nurses, nutritionists, pharmacists, educators, counselors and others while participants attend camp sessions and educational seminars at various locations in Alabama and Northwest Florida.

#### ***Basis of accounting***

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

#### ***Cash and cash equivalents***

For purposes of preparing the statement of cash flows, cash and cash equivalents includes cash in checking accounts and short-term investments having a maturity of three months or less at purchase date.

#### ***Recognition of donor restrictions***

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

#### ***Income taxes***

The Organization is organized under Section 501(c) (3) of the Internal Revenue Code as a nonprofit, tax-exempt organization. In addition, the State of Alabama has also granted the Organization tax-exempt status.

#### ***Use of estimates***

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

#### ***Expense allocation***

The costs of providing various program and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefitted.

#### ***Investments***

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.



# SOUTHEASTERN DIABETES EDUCATION SERVICES

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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### NOTE 1 - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Classes of Net Assets*

In accordance with GAAP, where applicable, the financial statements report amounts separately by classes of net assets:

- 1) Without donor restrictions amounts are those currently available at the discretion of the Board for use in the Organization's programs.
- 2) With donor restrictions amounts are those that are restricted by donors for specific operating purposes.

### NOTE 2 – INVESTMENTS

Southeastern Diabetes Education Services uses a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value as follows:

- Level 1: Pricing is based on observable inputs, such as quoted prices in active markets.
- Level 2: Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets.
- Level 3: Pricing inputs are generally unobservable and include situations where there is little, if any market activity for the investment. The inputs into the determination of fair value require management's judgment or estimates, based on assumptions, which market participants would use in pricing the assets or liabilities.

Some of the Organization's investments are held by Wells Fargo and consist of money market funds and mutual funds. These investments are considered Level 1. The fair market value of the investments available for sale at December 31, 2019 consisted of the following:

Money Market Funds	\$	1,914
Mutual Funds		<u>42,458</u>
	\$	<u><u>44,372</u></u>

The remaining investment of \$128,225 is held by The Community Foundation of South Alabama in an agency fund and is recorded at cost.

# SOUTHEASTERN DIABETES EDUCATION SERVICES

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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### NOTE 3 – NET ASSETS

The Organization has classified the initial gift of funds as an asset with donor restrictions. To the extent that the fair value in that account exceeds the initial gift, the excess is reflected as an asset with donor restrictions. In years of market declines where the fair value of the account decreases below the asset with donor restrictions, the Organization does not reflect a negative balance in the asset with donor restrictions.

#### Net Assets with Donor Restrictions

The portion of perpetual endowment funds that are required to be retained permanently by explicit donor stipulation:

Special Gifts – SDES Endowment – Restricted for Scholarships	\$31,746
Special Gifts – Community Foundation of Alabama and an individual – Restricted to General Operating Expenses from Income	<u>15,000</u>
	<u>\$46,746</u>

### NOTE 4 – DONATED SERVICES, MATERIALS, EQUIPMENT AND PROPERTY

Donated services from professionals have been recorded as Program Operations income and expenses. Donations primarily included professional medical services from endocrinologists, physicians, registered nurses, pharmacists, nutritionists, and counselors provided at program services. The value of these gifts for the year ended December 31, 2019 amounted to \$370,048.

The Organization receives donated medical supplies from pharmaceutical and medical equipment and supply companies including: insulins, syringes, insulin pump supplies, blood glucose testing meters and strips, and other medications and equipment from miscellaneous sources. This support has been recorded as Program Operations income and expenses. The value of these gifts for the year ended December 31, 2019 amounted to \$658,869.

### NOTE 5 – INCOME TAX STATUS

The Organization qualifies as a tax exempt organization under the IRS Code Section 501(c)(3) and, therefore, no provision for income taxes is made in the accompanying financial statements.

### NOTE 6 – LEASE COMMITMENTS

The Organization leases Camp Seale Harris program sites from various lessors including: Annually renewable ASCCA camp facility from Easter Seals at \$108,740 for three weeks and two weekends. Additional lease commitments are made within the fiscal year of program at: YMCA Camp Chandler, Dothan Westgate Park, Camp Tuscoba, Vision Ministries and others as needed. Birmingham Program office lease is committed through April 30, 2022 at \$1,650 per month through October 31, 2020 and \$1,685 per month for term November 1, 2020 through April 30, 2022. Lease expense is included in occupancy expense.

### NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events. No events have occurred through March 12, 2020, which was the date the financial statements were available for issue, that would have a material effect or require disclosure in the financial statements.

# **SOUTHEASTERN DIABETES EDUCATION SERVICES**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

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### **NOTE 8 - CONCENTRATION OF SUPPORT**

In 2019, the Organization received approximately 40% of its total revenues from grants received from foundations and charitable trusts and 23% from individuals. The continuation of this support is essential for the organization to continue its stated charitable purpose. Program operations in the amount of \$1,028,916 were not included in the calculation as these are donated services, materials, equipment and property.