

**BIG BEND AREA HEALTH  
EDUCATION CENTER, INC.**

**FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2015**

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## **BASIC FINANCIAL STATEMENTS**



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Big Bend Health Education Center, Inc.  
Tallahassee, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Big Bend Health Education Center, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, 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 and the standards applicable to the 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 or 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 Big Bend Health Education Center, Inc. as of June 30, 2015, 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.

## **Other Matters**

### *Other Information*

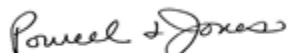
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis 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 June 30, 2015, on our consideration of Big Bend Health Education Center, Inc.'s internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Big Bend Health Education Center, Inc.'s internal control over financial reporting and compliance.

### **Report on Summarized Comparative Information**

We have previously audited Big Bend Area Health Education, Center's 2014 financial statements, and our report dated January 27, 2015, 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 June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



**POWELL & JONES**  
September 3, 2015

**BIG BEND AREA HEALTH EDUCATION CENTER, INC.**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2015**

**(With Comparative Totals for June 30, 2014)**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 171,603	\$ 293,991
Investments	1,006,985	1,005,343
Grants receivable	190,265	194,865
Accounts receivable	36,781	48,137
Prepaid expenses	392	20,795
Other assets	5,077	5,027
Total current assets	<u>1,411,103</u>	<u>1,568,158</u>
Fixed assets		
Furniture and equipment	17,918	24,471
Less accumulated depreciation	<u>(16,268)</u>	<u>(21,495)</u>
Total fixed assets	<u>1,650</u>	<u>2,976</u>
Total assets	<u>\$ 1,412,753</u>	<u>\$ 1,571,134</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities		
Accounts payable	\$ 1,368	\$ 3,070
Accrued wages	26,566	-
Accrued liabilities	1,119	-
Accrued compensated absences	<u>10,042</u>	<u>29,730</u>
Total liabilities	<u>39,095</u>	<u>32,800</u>
Net assets		
Unrestricted		
Operations	1,372,008	1,535,358
Equity in fixed assets	<u>1,650</u>	<u>2,976</u>
Total net assets	<u>1,373,658</u>	<u>1,538,334</u>
Total liabilities and net assets	<u>\$ 1,412,753</u>	<u>\$ 1,571,134</u>

See notes to financial statements.

**BIG BEND AREA HEALTH EDUCATION CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2015  
(With Comparative Totals for the Fiscal Year Ended June 30, 2014)

	2015	2014
<b>UNRESTRICTED SUPPORT AND REVENUE</b>		
Support		
Area Health Education Center grant funds		
Federal	\$ 77,607	\$ 79,865
State	779,664	675,000
Total support	<u>857,271</u>	<u>754,865</u>
Revenue		
Center income	149,682	215,902
Interest income	12,890	10,116
Sale of fixed assets	500	-
Total revenue	<u>163,072</u>	<u>226,018</u>
Total support and revenue	<u>1,020,343</u>	<u>980,883</u>
<b>FUNCTIONAL EXPENSES</b>		
Program services		
Healthcare education		
Personnel services	585,398	373,083
Operating expenses	461,821	420,165
Total program services	<u>1,047,219</u>	<u>793,248</u>
Supporting services, management and general:		
Personnel services	62,924	164,126
Operating expenses	74,876	150,007
Total supporting services	<u>137,800</u>	<u>314,133</u>
Total expenses	<u>1,185,019</u>	<u>1,107,381</u>
Decrease in unrestricted net assets	(164,676)	(126,498)
Net assets, beginning of year	1,538,334	1,654,303
Prior period adjustment	-	10,529
Net assets, end of year	<u>\$ 1,373,658</u>	<u>\$ 1,538,334</u>

See notes to financial statements,

**BIG BEND AREA HEALTH EDUCATION CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Fiscal Year Ended June 30, 2015  
(With Comparative Totals for the Fiscal Year Ended June 30, 2014)

	Program Services				Total Program Services	Supporting Services	Totals	
	Model AHEC	Tobacco	Closing the Gap	Health & Education		Management & General	2015	2014
<b>PERSONNEL SERVICES</b>								
Salaries	\$ 56,663	\$ 305,019	\$ 108,778	\$ 5,136	\$ 475,596	\$ 49,608	\$ 525,204	426,339
Payroll taxes	5,395	26,654	8,970	-	41,019	3,484	44,503	30,854
Employee benefits	12,283	52,968	3,532	-	68,783	9,832	78,615	80,016
	<u>74,341</u>	<u>384,641</u>	<u>121,280</u>	<u>5,136</u>	<u>585,398</u>	<u>62,924</u>	<u>648,322</u>	<u>537,209</u>
<b>OPERATING EXPENSES</b>								
Program service agreements	-	40,438	21,288	-	61,726	-	61,726	132,842
Community health and education	-	3,000	-	64,728	67,728	-	67,728	59,306
Student housing	6,000	-	-	19,169	25,169	-	25,169	17,622
Contractual services	-	-	-	-	-	13,586	13,586	36,163
Professional services	-	21,495	1,850	-	23,345	3,143	26,488	8,110
Insurance	-	4,676	684	-	5,360	11,482	16,842	10,559
Occupancy	-	9,610	45,230	-	54,840	-	54,840	47,819
Equipment rental and maintenance	-	10,177	-	-	10,177	8,439	18,616	22,611
Vehicle maintenance	-	131	-	-	131	-	131	2,711
Computer maintenance	-	1,928	229	-	2,157	2,813	4,970	15,627
Supplies	-	90,492	42,507	-	132,999	3,881	136,880	115,558
Telephone	-	9,897	806	-	10,703	4,407	15,110	17,062
Travel	2,822	17,014	4,146	-	23,982	5,950	29,932	20,013
Conferences and meetings	-	516	-	-	516	92	608	-
Postage	-	336	28	-	364	236	600	4,149
Printing and publication	-	8,130	3,691	-	11,821	938	12,759	15,640
Recruitment and training	-	1,466	606	-	2,072	-	2,072	3,308
Advertising	-	15,025	2,363	-	17,388	2,330	19,718	20,251
Depreciation	-	-	-	-	-	1,326	1,326	1,790
Bank charges	-	171	-	-	171	25	196	299
Dues and subscriptions	-	6,075	224	-	6,299	1,195	7,494	9,638
Miscellaneous	-	258	4,615	-	4,873	15,033	19,906	9,094
	<u>8,822</u>	<u>240,835</u>	<u>128,267</u>	<u>83,897</u>	<u>461,821</u>	<u>74,876</u>	<u>536,697</u>	<u>570,172</u>
Total expenses	<u>\$ 83,163</u>	<u>\$ 625,476</u>	<u>\$ 249,547</u>	<u>\$ 89,033</u>	<u>\$ 1,047,219</u>	<u>\$ 137,800</u>	<u>\$ 1,185,019</u>	<u>\$ 1,107,381</u>

See notes to financial statements.



**BIG BEND AREA HEALTH EDUCATION CENTER, INC.**  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2015  
(With Comparative Totals for the Fiscal Year Ended June 30, 2014)

	2015	2014
<b>Cash flows from operating activities</b>		
Cash received from government grants and contracts	\$ 1,036,299	\$ 936,124
Cash paid for employee services	(640,325)	(595,342)
Cash paid to contractors and vendors	(516,720)	(536,261)
Net cash used in operating activities	(120,746)	(195,479)
<b>Cash flows from capital and related</b>		
Acquisition of property and equipment	-	(2,751)
<b>Cash flows from investing activities</b>		
Transfer of investments	(1,642)	293,679
Net increase (decrease) in cash	(122,388)	95,449
Cash, beginning of year	293,991	198,542
Cash, end of year	\$ 171,603	\$ 293,991
 <b>Reconciliation of decrease in net assets to net cash used in operating activities:</b>		
Decrease in net assets	\$ (164,676)	\$ (126,498)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	1,326	1,790
(Increases) decreases in current assets		
Receivables	15,956	(44,760)
Prepaid expenses	20,403	(20,860)
Other assets	(50)	-
Increases (decreases) in current liabilities		
Accounts payable	(1,702)	(6,100)
Accrued liabilities	27,685	-
Accrued compensated absences	(19,688)	949
Total adjustments	43,930	(68,981)
Net cash used in operating activities	\$ (120,746)	\$ (195,479)

See notes to financial statements.

**BIG BEND AREA HEALTH EDUCATION CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization and Purpose**

The Big Bend Area Health Education Center, Inc. (BBAHEC) is a nonprofit corporation organized on February 13, 1996, for the purpose of providing education and training programs for health professionals in the North Florida catchment area, consisting of fourteen contiguous counties. The Organization is primarily funded by "purchase of services" contracts with the University of Florida, which are prime recipients of U.S. Public Health Service and Florida Department of Health Area Health Education Centers program funds. Through contractual arrangements, the Organization also provides administrative and programmatic services to health education related organizations. The Organization is governed by a voluntary board of directors selected from the fourteen county area.

**B. Basis of Accounting**

BBAHEC follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies. It uses the accrual basis of accounting, which recognizes revenues when earned and expenses as incurred. Federal, state and local government, and other public grants are recorded as support when performance occurs under the terms of the grant agreement.

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 "Not-for-Profit Entities". Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

Big Bend Area Health Education Center, Inc. also follows FASB ASC 958 regarding accounting for contributions made and received. In accordance with FASB ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All assets and all liabilities associated with the operation of the Organization are included on the Statement of Financial Position.

The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities. Salaries and other expenses which are associated with a specific program are charged directly to that program. Salaries and other expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided.

### **C. Fixed Assets and Depreciation**

The Organization follows the practice of capitalizing all expenditures in excess of \$2,000 at cost, or, if donated, at fair market value at date of acquisition. Proceeds from the sale of fixed assets, if unrestricted, are transferred to operating net asset balances, or if restricted, to amounts restricted for property acquisitions. The Organization utilizes straight line depreciation with useful lives ranging from 3 to 10 years.

### **D. Revenue Recognition**

The Organization's primary revenue is derived from "purchase of services" contracts with the University of Florida. These revenues, which are susceptible to accrual, are recognized when they become measurable and available as net current assets. Other revenues are recorded on the accrual basis.

### **E. 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.

### **F. Cash Equivalents**

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

### **G. Deferred Revenues**

The Organization records deferred revenue on its statement of financial position. Deferred revenues arise when resources are received by the Organization before it has fully earned them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, or when the Organization has fully earned the revenues, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

### **H. Fair Value of Financial Instruments**

The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is feasible to estimate that value:

- Cash, Accounts Receivable and Accounts Payable - Carrying amount approximates fair value due to the short maturity of these financial instruments.
- Investments in marketable equity securities with readily determinable fair values are stated at fair value.

### **I. Advertising Costs**

The Organization's general policy is to expense advertising costs as incurred. Such costs incurred for the fiscal year ended June 30, 2015 was \$19,718.

## **NOTE 2. FIXED ASSETS AND DEPRECIATION**

Depreciation of furniture and fixtures, and machinery and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. In accordance with Board policy, assets costing less than \$2,000 are generally fully expensed in their year of acquisition. A summary of the Organization's fixed assets at June 30, 2015, follows:

Furniture and fixtures	<u>Cost</u> <u>\$ 17,918</u>	<u>Life</u> <u>7-10</u>
Less: accumulated depreciation	<u>(16,268)</u> <u>\$ 1,650</u>	

Depreciation for the fiscal year ended June 30, 2015 was \$1,326.

**NOTE 3. ACCRUED COMPENSATED ABSENCES**

Employees with at least one full year of service are compensated for their unused "paid time off" upon termination, up to a maximum of 480 hours. The Organization had a liability of \$10,142 for accrued compensated absences at June 30, 2015.

**NOTE 4. CASH**

Cash includes amounts in demand deposits as well as short-term money market investment accounts.

**NOTE 5. INVESTMENTS**

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

At June 30, 2015 the Organization's investments consisted of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate bonds	\$ 395,401	\$ -	\$ -	\$ 395,401
Bond mutual funds	292,216	-	-	292,216
Equity mutual funds	206,219	-	-	206,219
Certificates of deposits	100,068	-	-	100,068
Bank deposits	13,081	-	-	13,081
	<u>\$1,006,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,006,985</u>

**NOTE 6. PENSION PLAN**

The Organization has adopted a tax sheltered retirement plan. This plan is a qualified defined contribution plan under Section 403(b)(7) of the Internal Revenue Code. Under this defined contribution type of plan, the Organization makes contributions to the plan on behalf of eligible employees. Contribution levels have been currently established at 7% of employee's compensation for all permanent full-time employees. Employees may also make optional contributions to this plan up to specified limits. Under this plan employees become participants upon completing a six

month probationary period and full vesting occurs immediately upon enrollment in the plan. Total payments to the plan for the fiscal year ended June 30, 2015, were \$29,908.

Since this is a defined contribution plan, there is no unfunded liability, normal cost, past or prior service cost, nor any current effects on pension costs under ERISA. None of the benefits exceed the total value of the pension fund since this is a defined contribution type plan. The plan is administered by the Organization through a contractual agreement with a servicing company.

**NOTE 7. INCOME TAXES**

The Organization has been granted an exemption from income taxes under Internal Revenue Code, Section 501(c)(3), as a nonprofit corporation. As required by Internal Revenue Services regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax" with the Internal Revenue Service. Those returns for 2015, 2014, and 2013 are currently subject to review and adjustment by the Internal Revenue Service.

**NOTE 8. CONTINGENCIES**

There is a contingent liability due to the fact that all possible applicable regulatory audits have not been completed for the fiscal year ended June 30, 2015. Under provisions of the funding agreements, any eventual expenditures determined to be not in compliance with grant regulations would be subject to repayment by the Organization. The Organization's administration believes that all expenditures were significantly in compliance with appropriate grant regulations.

**NOTE 9. LEASE COMMITMENTS - FACILITIES**

The Organization had the following lease agreements for facilities at June 30, 2015:

1. The Organization rents its administrative facilities in Tallahassee, Florida under a five year full service lease amendment which expires on January 31, 2017. In accordance with a fixed schedule, rent will be \$4,830 to be paid monthly. Rent of \$56,971 was paid on this lease during the year. The future minimum lease payments at June 30, 2015 are as follows:

<u>June 30,</u>	<u>Minimum Lease Payments</u>
2016	\$ 58,679
2017	34,820
	<u>\$ 93,499</u>

2. The Organization also rents apartments in its service area for use by medical students undergoing training at area health facilities. At June 30, 2015, and subsequently, the Organization was committed under two annual leases that require rental payments totaling \$11,411 during the ensuing year.

**NOTE 10. LEASE COMMITMENT – VEHICLE**

The Organization has an operating lease agreement for a Ford Edge with Ford Motor Credit Company. Under the terms of this lease, the Organization is obliged to pay twenty-six monthly payments of \$394. The future minimum lease payments at June 30, 2015, are as follows:

<u>June 30,</u>	<u>Minimum Lease Payments</u>
2016	\$ 4,723
2017	2,755
	<u>\$ 7,478</u>

**NOTE 11. CONCENTRATION OF CREDIT RISK**

Financial instruments which subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents in local banks which may at times exceed the FDIC limits. At June 30, 2015, the total bank balances were \$171,603, which was covered by federal depository insurance.

**NOTE 12. EXPENSES BY FUNCTION**

Expenses by function have been allocated among program and supporting services classifications on the basis of time records and on estimates made by the Organization's management.

**NOTE 13. CONCENTRATION OF REVENUE SOURCES**

Approximately 84% of the Organization's revenues is derived from three state grant contracts which must be periodically renewed.

**NOTE 14. INVENTORIES**

It has consistently been the policy of the Organization to record acquisition of goods and supplies as expenditures at the time of purchase. The amount of such inventory on hand at any one time would be a nominal amount and considered to be immaterial.

**NOTE 15. DONATED SERVICES**

The Organization received a significant amount of donated services from unpaid volunteers who serve as officers and board members and assist in special programs. No amounts have been recognized in the statement of activities because the criteria for recognition under Financial Accounting Standards Board Codification ASC 958 "Not-for-Profit Entities" have not been satisfied.

**NOTE 16. RISK MANAGEMENT**

The Organization is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries insurance. Insurance against losses are provided through various commercial insurers for the following types of risk:

- Workers' Compensation and Employer's Liability
- General and Professional Liability
- Personal Property Damage
- Automobile Physical Damage and Liability
- Directors' and Officers' Liability

The Organization's coverage for workers' compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost-to-date of the Organization's experience for this type of risk.

**NOTE 17. COMPARATIVE DATA**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

**NOTE 18. RELATED PARTY TRANSACTIONS**

To carry out its training programs, the Organization entered into contractual agreements with local colleges and community health organizations, several of which have delegates on the Board of Directors. Payments under these agreements totaled \$5,004 for the year ended June 30, 2015. There were no remaining commitments on these agreements as of June 30, 2015.

**NOTE 19. SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 3, 2015, the date the financial statements were available to be issued.

**SINGLE AUDIT AND COMPLIANCE SECTION**



**BIG BEND AREA HEALTH EDUCATION CENTER, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
For the Fiscal Year Ended June 30, 2015

Federal Grantor/State Grantor/ Pass-Through Grantor Program Title	CFDA/CSF A Number	Subaward Number	Program Award Amount	Received Prior Year	Current Year Revenues	Current Year Expenditures
<b>FEDERAL AWARDS</b>						
Nonmajor programs						
Department of Health and Human Services - Model/State Supported Area Health Education Centers Passed through University of Florida						
Federal AHEC Grant	93.107	UFDSP00010078	\$ 83,265	\$ 79,865	\$ 3,400	\$ 3,400
Federal AHEC Grant	93.107	UFDSP00010552	83,182	-	74,207	74,207
<b>Total federal awards</b>			<b>166,447</b>	<b>79,865</b>	<b>77,607</b>	<b>77,607</b>
<b>STATE FINANCIAL ASSISTANCE</b>						
Major programs						
State of Florida Department of Health - Area Health Education Centers Passed through University of Florida						
Tobacco Grant 2014-15	64.097	UFDSP00010484	621,000	-	621,000	621,000
Nonmajor programs						
State of Florida Department of Health Closing the Gap						
	64.052	C0044	168,434	-	158,664	158,664
<b>Total state financial assistance</b>			<b>789,434</b>	<b>-</b>	<b>779,664</b>	<b>779,664</b>
<b>Total federal awards and state financial assistance</b>			<b>\$ 955,881</b>	<b>\$ 79,865</b>	<b>\$ 857,271</b>	<b>\$ 857,271</b>

**BIG BEND AREA HEALTH EDUCATION CENTER, INC.**

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

For the Fiscal Year Ended June 30, 2015

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying policies and presentation of the Single Audit Report of Big Bend Area Health Education Center, Inc. have been designed to conform to generally accepted accounting principles as applicable to voluntary health and welfare agencies, including the reporting and compliance requirements of the Audits of States, Local Governments, and Non-Profit Organizations and Office of Management and Budget Circular A-133 and Chapter 10.550, *Rules of the Auditor General of Florida*.

**II. Reporting Entity**

The reporting entity consists of Big Bend Area Health Education Center, Inc. The Organization includes a Schedule of Expenditures of Federal Awards and State Financial Assistance in the Single Audit and Compliance Section.

**III. Basis of Accounting**

The accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards and State Financial Assistance. Under the accrual basis, revenues are recognized when they become earned. Expenses generally are recorded when a liability is incurred.

**IV. Matching Requirement**

The grant award for Closing the Gap included a matching requirement of \$1 in local matching funds for each \$3 grant funds received. This amounted to a total of approximately \$52,888 in required matching funds. This requirement was met for the fiscal year ended June 30, 2015.

**REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Big Bend Area Health  
Education Center, Inc.

We have audited in accordance with the 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, the financial statements of Big Bend Area Health Education Center, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereof dated September 3, 2015.

**Internal Control Over Financial Reporting**

Management of Big Bend Area Health Education Center, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Big Bend Area Health Education Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Big Bend Area Health Education Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Big Bend Area Health Education Center, Inc.'s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We consider the following deficiency to be a significant deficiency in internal control:

## Financial Statement Preparation

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists in instances where the Organization is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

### **MANAGEMENT'S RESPONSE**

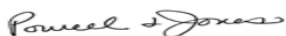
***We agree with this finding. We are a very small Organization and have used our available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Board of Directors reviews the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the Board of Directors.***

***At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.***

**Compliance and Other Matters** - As part of obtaining reasonable assurance about whether Big Bend Area Health Education Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**POWELL & JONES**  
September 3, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650  
RULES OF THE AUDITOR GENERAL**

To The Board of Directors  
Big Bend Area Health Education Center, Inc.  
Tallahassee, Florida

**Report on Compliance for each Major State Financial Assistance Project**

We have audited Big Bend Area Health Education Center, Inc.'s compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that are applicable to each of its major state financial assistance projects for the year ended June 30, 2015. Big Bend Area Health Education Center, Inc.'s major state financial assistance projects are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state financial assistance projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for Big Bend Area Health Education Center, Inc. 's compliance for each major state financial assistance project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Auditor General*. Those standards and Chapter 10.650, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state financial assistance project. An audit includes examining, on a test basis, evidence about Big Bend Area Health Education Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary for the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state financial assistance project. However, our audit does not provide a legal determination of Big Bend Area Health Education Center, Inc.'s compliance

**Opinion on Each Major State Financial Assistance Project**

In our opinion, Big Bend Area Health Education Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state financial assistance projects for the year ended June 30, 2015.

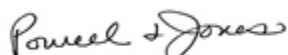
## Report on Internal Control Over Compliance

Management of Big Bend Area Health Education Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Big Bend Area Health Education Center, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each state financial assistance project and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Big Bend Area Health Education Center, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a major state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a major state financial assistance project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major state financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



**POWELL & JONES**  
Certified Public Accountants  
September 3, 2015

**BIG BEND AREA HEALTH EDUCATION CENTER, INC.**  
**SCHEDULE OF FINDINGS**  
For the Fiscal Year Ended June 30, 2015

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued Unqualified

Internal control over financial reporting

- Material weakness(es) identified? No
- Significant deficiencies identified not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted?

**State Financial Assistance**

Internal control over financial reporting:

- Material weaknesss identified? No
- Significant deficiencies identified not considered to be material weaknesses? None reported

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

Any audit findings disclosed that are required to be reported in accordance with Rule 10.656, *Rules of the Auditor General*? No

Identification of major programs:

<u>CSFA Number/Grant Number</u>	<u>Name of Program or Cluster</u>
64.097/UFDSP00010484	Department of Health, Tobacco Cessation Program

Dollar threshold used to distinguish between Type A and Type B programs: \$233,899

State Financial Assistance Findings and Questioned Costs None

State Financial Assistance Prior Year Findings and Questioned Costs None

**Other Issues**

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal Programs or State Programs

## MANAGEMENT LETTER

To the Board of Directors of  
Big Bend Area Health  
Education Center, Inc.

In planning and performing our audit of the financial statements of Big Bend Area Health Education Center, Inc., for the fiscal year ended June 30, 2015, we considered the Organization's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

The remaining sections of this letter discuss those procedures.

### PRIOR YEAR FINDINGS

There were no reportable findings in the prior year.

### CURRENT YEAR FINDINGS

#### 2015-1

Cost Allocation Documentation – From our audit procedures in the current year relating to cost allocations among the grant programs, we found that cost allocations overall were reasonable. However, the documentation for individual cost allocations was not always clear and consistent with other similar allocations. We recommend that the Organization's cost allocation plan be consistently followed in general, and any variations be properly documented.

#### 2015-2

Significant Adjustments – During our audit we identified certain material adjustments that were required to prepare accurate financial statements. These were primarily due to the recording of certain revenues to reduce related expenditures, rather than being properly recorded as revenues. The material adjustments included the reclassification of these revenues and expenditures.

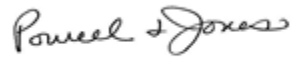
#### 2015-3

Online Banking Transactions – From our audit we found that the Organization utilizes online banking for direct deposit of employee paychecks, travel reimbursements and certain other expenditures. The Executive Director generally authorizes these transactions utilizing the automated banking process. While this provides acceptable internal control over these transactions, we also found that the bookkeeper has equivalent access to the approval function. Due to the fact that this creates the possibility of incompatible accounting functions, we recommend that only the Executive Director have the ability to approve online banking transactions. We also recommend that such online banking processes be restricted to payroll related transactions and that manual checks be utilized for all other organizational disbursements.



## **CONCLUSION**

We very much enjoyed the challenges and experiences associated with our audit of the Organization. We appreciate the helpful assistance and courtesy afforded us by all employees and look forward to working with you in the future.

A handwritten signature in cursive script that reads "Powell & Jones".

**POWELL & JONES**  
Certified Public Accountants  
September 3, 2015

## Communication with Those Charged with Governance

To the Board of Directors of  
Big Bend Area Health  
Education Center, Inc.

We have audited the financial statements of Big Bend Area Health Education Center, Inc. for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government *Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Big Bend Area Health Education Center, Inc. are described Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting Big Bend Area Health Education Center, Inc.'s financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 3, 2015.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

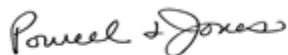
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Big Bend Area Health Education Center, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



**POWELL & JONES**  
Certified Public Accountants  
September 3, 2015