

**CENTRAL FLORIDA AREA HEALTH
EDUCATION CENTER, INC.**

FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

**CENTRAL FLORIDA AREA HEALTH
EDUCATION CENTER, INC.**

FINANCIAL REPORT

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BASIC FINANCIAL STATEMENTS



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Central Florida Area Health Education Center, Inc.
Apopka, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Central Florida Area Health Education Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, 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 financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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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 Central Florida Area Health Education Center, Inc., as of June 30, 2016, 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

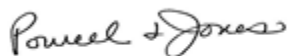
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis 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 January 9, 2017, on our consideration of Central Florida Area Health Education Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Central Florida Area Health Education Center, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Central Florida Area Health Education Center, Inc.'s 2015 financial statements, and our report dated March 26, 2016, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



POWELL & JONES
Certified Public Accountants
January 9, 2017

CENTRAL FLORIDA AREA HEALTH EDUCATION CENTER, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2016

(With Comparative Totals for June 30, 2015)

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash	\$ 190,813	\$ 112,958
Investments	617,455	691,667
Grant funds receivable	138,106	149,006
Total current assets	<u>946,374</u>	<u>953,631</u>
Fixed assets		
Furniture and equipment	42,715	40,717
Less accumulated depreciation	(29,465)	(28,087)
Total fixed assets	<u>13,250</u>	<u>12,630</u>
Total assets	<u>\$ 959,624</u>	<u>\$ 966,261</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable	\$ 16,808	\$ -
Accrued liabilities	23,007	11,292
Accrued compensated absences	8,347	8,043
Total liabilities	<u>48,162</u>	<u>19,335</u>
Net assets		
Unrestricted		
Operations	898,212	934,296
Equity in fixed assets	13,250	12,630
Total net assets	<u>911,462</u>	<u>946,926</u>
Total liabilities and net assets	<u>\$ 959,624</u>	<u>\$ 966,261</u>

CENTRAL FLORIDA AREA HEALTH EDUCATION CENTER, INC.
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended
June 30, 2016
(With Comparative Totals for June 30, 2015)

	2016	2015
UNRESTRICTED SUPPORT AND REVENUE		
Support		
Area Health Education Center grant funds		
Federal	\$ 73,357	\$ 72,147
State	1,078,440	1,068,200
Total support	1,151,797	1,140,347
Revenue		
Center income	104	2,481
Interest income	1,287	983
Total revenue	1,391	3,464
Total support and revenue	1,153,188	1,143,811
FUNCTIONAL EXPENSES		
Program services		
Healthcare education		
Personnel services	557,132	522,294
Operating expenses	604,739	626,036
Total program services	1,161,871	1,148,330
Supporting services, management and general:		
Personnel services	15,153	15,367
Operating expenses	11,628	20,936
Total supporting services	26,781	36,303
Total expenses	1,188,652	1,184,633
Decrease in unrestricted net assets	(35,464)	(40,822)
Net assets, beginning of year	946,926	987,748
Net assets, end of year	\$ 911,462	\$ 946,926

CENTRAL FLORIDA AREA HEALTH EDUCATION CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Fiscal Year Ended June 30, 2016
 (With Comparative Totals for June 30, 2015)

	Program Services		Tobacco	Total		Supporting Services		Totals	
	Model AHEC			Program Services		Management & General		2016	2015
PERSONNEL SERVICES									
Salaries	\$ 34,392	\$ 392,151		\$ 426,543	\$ 11,425	\$	\$ 437,968	\$ 418,785	
Payroll taxes	2,378	29,644		32,022	916		32,938	30,575	
Employee benefits	7,320	91,247		98,567	2,812		101,379	88,301	
	44,090	513,042		557,132	15,153		572,285	537,661	
OPERATING EXPENSES									
Program service agreements	4,250	276,067		280,317	-		280,317	278,033	
Professional services	614	6,486		7,100	297		7,397	7,211	
Other services	439	5,539		5,978	1,938		7,916	8,589	
Insurance	1,105	12,131		13,236	21		13,257	10,734	
Rent	1,399	22,267		23,666	334		24,000	24,025	
Equipment and maintenance	741	17,556		18,297	178		18,475	16,435	
Supplies	2,691	114,416		117,107	2,131		119,238	127,670	
Telephone	2,079	23,950		26,029	347		26,376	16,562	
Conference and meetings	4,218	4,185		8,403	715		9,118	3,430	
Travel	16,978	19,126		36,104	3,856		39,960	29,714	
Postage	1	13,362		13,363	-		13,363	15,509	
Printing	171	12,558		12,729	23		12,752	10,172	
Advertising	-	16,309		16,309	-		16,309	69,072	
Depreciation	-	-		-	1,379		1,379	3,726	
Dues and subscriptions	1,728	18,253		19,981	327		20,308	19,188	
Utilities	304	5,627		5,931	78		6,009	6,609	
Miscellaneous	11	178		189	4		193	293	
	36,729	568,010		604,739	11,628		616,367	646,972	
Total expenses	\$ 80,819	\$ 1,081,052		\$ 1,161,871	\$ 26,781		\$ 1,188,652	\$ 1,184,633	

CENTRAL FLORIDA AREA HEALTH EDUCATION CENTER, INC.
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for June 30, 2015)

	2016	2015
Cash flows from operating activities:		
Cash received from government grants and contracts	\$ 1,164,089	\$ 1,120,780
Cash paid for employee services	(598,181)	(646,112)
Cash paid to contractors and vendors	(560,266)	(536,331)
Net cash provided by (used in) operating activities	5,642	(61,663)
Cash flows from capital and related		
Acquisition of capital assets	(1,998)	-
Cash flows from investing activities		
Redemption of (transfers to) investments	74,211	(40,752)
Net increase (decrease) in cash	77,855	(102,415)
Cash, beginning of year	112,958	215,373
Cash, end of year	\$ 190,813	\$ 112,958
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ (35,464)	\$ (40,822)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,379	3,726
(Increases) decreases in current assets		
Receivables	10,900	(23,031)
Increases (decreases) in current liabilities		
Accounts payable	16,808	(2,866)
Accrued liabilities	11,715	892
Accrued compensated absences	304	438
Total adjustments	41,106	(20,841)
Net cash provided by (used in) operating activities	\$ 5,642	\$ (61,663)

**CENTRAL FLORIDA AREA HEALTH
EDUCATION CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

The Central Florida Area Health Education Center, Inc. (CFAHEC) is a nonprofit corporation organized on January 28, 1991, for the purpose of providing education and training programs for health professionals in the Central Florida catchment area, consisting of nine contiguous counties. The Organization is primarily funded by "purchase of services" contracts with Nova Southeastern University, which is a prime recipient 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 nine county area.

B. Basis of Accounting

CFAHEC 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.

Central Florida 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" grant contracts with Nova Southeastern University. This revenue, which is susceptible to accrual, is recognized when it becomes 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

As applicable year-to-year, 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.
- At June 30, 2016, the Organization had no assets or liabilities subject to disclosure of the fair value measurements as to valuation levels hierarchy per Financial Accounting Standards Board Statement No. 157.

I. Advertising Costs

The Organization's general policy is to expense advertising costs as incurred. Advertising expense for 2016 was \$16,309.

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, 2016, follows:

	<u>Cost</u>	<u>Life</u>
Furniture and equipment	\$ 42,715	5
Less: accumulated depreciation	(29,465)	
	<u>\$ 13,250</u>	

Depreciation for the fiscal year ended June 30, 2016 was \$1,379.

NOTE 3. ACCRUED COMPENSATED ABSENCES

Employees with at least one full year of service are compensated for their unused annual leave up to a maximum of 40 hours upon separation. The Organization had a liability of \$8,347 for accrued compensated absences at June 30, 2016.

NOTE 4. CASH

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

NOTE 5. RETIREMENT BENEFITS

The Organization established a defined contribution 403(b) plan with Mutual of America. This plan is not subject to the requirements of ERISA or Internal Revenue Service regulations relating to qualified pension plans. Under this plan, the Organization makes contributions to the plan on behalf of eligible employees. Contribution levels have been established at 2% of employee compensation for all permanent full-time employees that choose not to contribute themselves. The Organization contributes 200% of the employee contributions up to a maximum of 10% of their compensation for those who make voluntary contributions. Under this plan, employees become participants upon completing a six-month probationary period and full vesting occurs after eighteen months of participation in the plan. Contributions by the Organization to the Plan were \$45,904 for the year ended June 30, 2016.

NOTE 6. 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 2016, 2015 and 2014 are currently subject to review and adjustment by the Internal Revenue Service.

NOTE 7. 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, 2016. 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 8. LEASE COMMITMENTS - FACILITIES

The Organization had the following lease agreements for facilities at June 30, 2016:

1. The Organization rents its administrative facilities in Apopka, Florida under a five year full service lease which expires on June 30, 2017. Rent is paid in annual installments of \$24,000 due on July first of each fiscal year. The future minimum rent payments at June 30, 2016, are as follows:

<u>June 30,</u> 2017	<u>Minimum Lease Payments</u>
	\$ 24,000
	<u>\$ 24,000</u>

NOTE 9. LEASE COMMITMENT - EQUIPMENT

1. The Organization has an operating lease agreement for postage equipment with Pitney Bowes Credit Corporation. Under the terms of this lease, the Organization is obligated to pay twenty-one quarterly payments of \$1,191. The future minimum lease payments at June 30, 2016, are as follows:

<u>June 30,</u> 2017	<u>Minimum Lease Payments</u>
	\$ 2,472
	<u>\$ 2,472</u>

2. The Organization also has an operating lease agreement for a copy machine with CIT Technology Financial Service Corporation. Under the terms of this lease, the Organization is obligated to pay sixty-three monthly payments of \$279. The future minimum lease payments at June 30, 2016, are as follows:

<u>June 30,</u>	<u>Minimum Lease Payments</u>
2017	\$ 3,628
2018	3,684
2019	3,684
2020	3,684
2021	3,684
Thereafter	4,298
	<u>\$ 22,662</u>

Rent expense under these leases totaled \$32,698 for the year ended June 30, 2016.

NOTE 10. 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, 2016, the total bank balances were \$808,268, all of which was covered by federal depository insurance. Receivables at year end consisted of grant funds receivable which were fully collectible.

NOTE 11. 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 12. CONCENTRATION OF REVENUE SOURCES

Substantially all of the Organization's revenues is derived from one federal and one state grant contract which must be periodically renewed.

NOTE 13. 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 14. 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 Statement ASC 958 have not been satisfied.

NOTE 15. 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 16. INVESTMENTS

The Organization follows FASB Accounting Standards Codification (ASC) 958-320 *Investments, Debt and Equity Securities*. Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

A summary of investments, which were held by the Organization at June 30, 2016, follows:

	Cost Basis	Fair Market Value
Iberia Certificate of Deposit	<u>\$ 617,455</u>	<u>\$ 617,455</u>

INVESTMENTS AND FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides 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). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- **Level 1**—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in an active market. This level includes common stocks, corporate bonds or mutual funds based on the closing price reported in the active market where the securities are traded.
- **Level 2**—Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in *inactive* markets, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation, or other means.
- **Level 3**—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair values of all the trading securities listed above as of June 30, 2016 are based on unadjusted, quoted prices in active markets as of the measurement date (often referred to as level 1 inputs).

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, 2015, 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 \$6,000 for the year ended June 30, 2016. There were no remaining accounts payable or commitments on these agreements as of June 30, 2016.

To carry out its tobacco cessation classes, the Organization entered into a contractual agreement with one of the delegates on the Board of Directors to facilitate these classes. The agreement is such that payment is per tobacco cessation class facilitated. Payments under this agreement totaled \$28,325 for the year ended June 30, 2016. There were no remaining commitments on this agreement as of June 30, 2016.

NOTE 19. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions of potential recognition or disclosure through January 9, 2017, the date the financial statements were available to be issued.

SINGLE AUDIT AND COMPLIANCE SECTION

CENTRAL FLORIDA AREA HEALTH EDUCATION CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ State Grantor Program Title	CFDA/CSFA Number	Grantor Number	Program Award/Matching Amount	Received Prior Year	Current Year Revenues	Current Year Expenditures
FEDERAL AWARDS						
Nonmajor programs						
Department of Health and Human Services - Model/State Supported Area Health Education Centers						
Passed through Nova Southeastern University						
Federal AHEC Grant 2014-15	93.107	U77HP03024-21-01	75,657	49,478	18,408	18,408
Federal AHEC Grant 2015-16	93.107	U77HP03024-21-01	78,068	-	54,949	54,949
Total federal awards			<u>153,725</u>	<u>49,478</u>	<u>73,357</u>	<u>73,357</u>
STATE FINANCIAL ASSISTANCE						
Major programs						
Department of Health - Area Health Education Centers						
Passed through Nova Southeastern University						
Tobacco Grant 2015-16	64.097	COTFS	808,830	-	808,830	808,830
Tobacco Grant 2015-16	64.112	COTFS	269,610	-	269,610	269,610
Total state financial assistance			<u>1,078,440</u>	<u>-</u>	<u>1,078,440</u>	<u>1,078,440</u>
Total financial assistance			<u>\$ 1,232,165</u>	<u>\$ 49,478</u>	<u>\$ 1,151,797</u>	<u>\$ 1,151,797</u>

See notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

CENTRAL FLORIDA AREA HEALTH EDUCATION CENTER, INC.

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

For the Fiscal Year Ended June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying policies and presentation of the Single Audit Report of Central Florida 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 Chapter 10.650, *Rules of the Auditor General of Florida*.

II. Reporting Entity

The reporting entity consists of Central Florida 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.

**INDEPENDENT AUDITOR'S 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,
Central Florida 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 Central Florida Area Health Education Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 9, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Florida Area Health Education Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Florida Area Health Education Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 a 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified the following deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial reporting:

**Finding 2013-1
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.

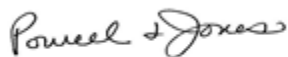
At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Florida Area Health Education Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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
Certified Public Accountants
January 9, 2017

**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,
Central Florida Area Health Education Center, Inc.

Report on Compliance for Each Major State Financial Assistance Project

We have audited Central Florida 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 could have a direct and material effect on each of Central Florida Area Health Education Center, Inc.'s major state financial assistance projects for the year ended June 30, 2016. Central Florida 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 state financial assistance projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Central Florida Area Health Education Center, Inc.'s major state financial assistance projects 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 by 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 occurred. An audit includes examining, on a test basis, evidence about Central Florida Area Health Education Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Financial Assistance Project

In our opinion, Central Florida 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, 2016.

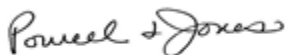
Report on Internal Control Over Compliance

Management of Central Florida 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 Central Florida 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 projects to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major 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 Central Florida 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 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 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 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
January 9, 2017

CENTRAL FLORIDA AREA HEALTH EDUCATION CENTER, INC.
SCHEDULE OF FINDINGS
For the Fiscal Year Ended June 30, 2016

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? No

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>
64.097/64.112/COTFS	Department of Health, Tobacco Cessation Program

Dollar threshold used to distinguish between Type A and Type B programs: \$323,532

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
Central Florida Area Health
Education Center, Inc.

In planning and performing our audit of the financial statements of Central Florida Area Health Education Center, Inc., for the fiscal year ended June 30, 2016, 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 address these matters.

PRIOR YEAR FINDINGS

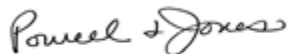
All prior year findings were corrected during the current year.

CURRENT YEAR FINDINGS

There were no additional reportable findings in the current year.

CONCLUSION

We have reviewed these matters with appropriate employees and have provided them with documentation as requested. 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.



POWELL & JONES
Certified Public Accountants
January 9, 2017

Communication with Those Charged with Governance

To the Board of Directors of
Central Florida Area Health
Education Center, Inc.

We have audited the financial statements of Central Florida Area Health Education Center, Inc. for the year ended June 30, 2016. 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 Central Florida 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 2016. We noted no transactions entered into by the governmental unit 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 Central Florida 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 January 9, 2017.

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 governmental unit’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

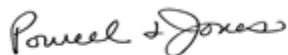
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses 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 Central Florida 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
January 9, 2017