

**SUWANNEE RIVER AREA HEALTH
EDUCATION CENTER, INC.**

FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

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EDUCATION CENTER, INC.**

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**SUWANNEE RIVER AREA HEALTH
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FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Suwannee River Area Health Education Center, Inc.
Alachua, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Suwannee River 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 or 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 Suwannee River 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

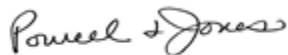
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General*, and the supplemental combining statements are presented for purposes of additional analysis and are 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 November 6, 2015, on our consideration of Suwannee River 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 Suwannee River Area Health Education Center, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Suwannee River Area Health Education Center, Inc.'s 2015 financial statements, and our report dated November 6, 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, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.



POWELL & JONES
Certified Public Accountants
January 17, 2017

BASIC FINANCIAL STATEMENTS

SUWANNEE RIVER AREA HEALTH EDUCATION CENTER, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2016

(With Comparative Totals for June 30, 2015)

	Unrestricted Fund	Temporarily Restricted Funds	Totals	
			2016	2015
ASSETS				
Current assets				
Cash	\$ 157,335	\$ 134,217	\$ 291,552	\$ 572,512
Investments	678,388	-	678,388	656,995
Accounts receivable	353,161	62,432	415,593	195,176
Grants receivable	148,998	-	148,998	142,291
Due from other funds	63,715	-	63,715	45,684
Accrued interest receivable	-	-	-	1,838
Total current assets	1,401,597	196,649	1,598,246	1,614,496
Property and equipment				
Furniture and fixtures	62,646	-	62,646	62,646
Machinery and equipment	43,229	-	43,229	104,398
Less accumulated depreciation	(98,450)	-	(98,450)	(152,077)
Total property and equipment	7,425	-	7,425	14,967
Other assets				
Deposits	575	-	575	575
Total assets	\$ 1,409,597	\$ 196,649	\$ 1,606,246	\$ 1,630,038
LIABILITIES AND NET ASSETS				
Accounts payable	\$ 49,767	\$ 50,541	\$ 100,308	\$ 53,592
Accrued liabilities	60,792	-	60,792	69,022
Due to other funds	-	63,715	63,715	45,684
Accrued compensated absences	23,916	-	23,916	53,520
Unearned revenue	46,449	-	46,449	-
Total liabilities	180,924	114,256	295,180	221,818
Net assets	1,228,673	82,393	1,311,066	1,408,220
Total liabilities and net assets	\$ 1,409,597	\$ 196,649	\$ 1,606,246	\$ 1,630,038

SUWANNEE RIVER AREA HEALTH EDUCATION CENTER, INC.

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2016

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

	Unrestricted Fund	Temporarily Restricted Funds	Totals	
			2016	2015
SUPPORT AND REVENUE				
Support				
Area Health Education Center grant funds:				
State	\$ 731,350	\$ -	\$ 731,350	\$ 662,000
Federal	227,403	-	227,403	168,976
Total support	958,753	-	958,753	830,976
Revenue				
Conferences	-	368,223	368,223	304,564
Program services	755,640	241,088	996,728	945,533
Contractual income	82,606	-	82,606	78,495
Interest	29,728	-	29,728	16,234
Other	13,894	-	13,894	6,573
Total revenue	881,868	609,311	1,491,179	1,351,399
Total support and revenue	1,840,621	609,311	2,449,932	2,182,375
FUNCTIONAL EXPENSES				
Program services,				
Health care education:				
Personnel services	560,084	-	560,084	580,280
Operating expenses	1,048,137	621,600	1,669,737	1,388,674
Total program services	1,608,221	621,600	2,229,821	1,968,954
Supporting services,				
Management and general:				
Personnel services	233,664	-	233,664	217,563
Operating expenses	83,601	-	83,601	128,725
Total supporting services	317,265	-	317,265	346,288
Total expenses	1,925,486	621,600	2,547,086	2,315,242
Change in net assets	(84,865)	(12,289)	(97,154)	(132,867)
Net assets, beginning of year	1,313,538	94,682	1,408,220	1,491,910
Prior period adjustment	-	-	-	49,177
Net assets, end of year	\$ 1,228,673	\$ 82,393	\$ 1,311,066	\$ 1,408,220

SUWANNEE RIVER AREA HEALTH EDUCATION CENTER, INC.

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

	Program Services					Supporting Services	Totals	
	Tobacco	Federal Model	Health and Education	Other Agencies	Total		2016	2015
PERSONNEL SERVICES								
Salaries	\$ 329,836	\$ 68,155	\$ 76,934	\$ -	\$ 474,926	\$ 196,675	\$ 671,601	\$ 638,312
Payroll taxes	25,883	5,328	6,088	-	37,299	16,201	53,500	56,122
Employee benefits	33,210	6,835	7,813	-	47,859	20,787	68,646	103,409
	<u>388,930</u>	<u>80,318</u>	<u>90,836</u>	<u>-</u>	<u>560,084</u>	<u>233,664</u>	<u>793,747</u>	<u>797,843</u>
OPERATING EXPENSES								
Program service agreements	42,145	-	-	-	42,145	-	42,145	43,235
Conferences	-	-	626,407	372,045	998,452	-	998,452	652,030
Educational programs	-	-	95,494	20,289	115,783	-	115,783	145,634
Contractual services	47,365	-	-	164,088	211,453	-	211,453	221,500
Professional services	2,121	-	6,099	65,178	73,398	5,510	78,908	86,342
Occupancy	35,539	-	15,750	-	51,289	18,711	70,000	70,000
Equipment maintenance and leases	10,563	-	2,518	-	13,081	2,724	15,805	21,110
Supplies and equipment	67,126	-	7,303	-	74,429	7,179	81,608	79,936
Insurance	5,107	-	2,938	-	8,045	3,697	11,742	10,516
Utilities	11,601	-	11,503	-	23,104	4,581	27,685	25,022
Postage	2,105	-	908	-	3,013	1,270	4,283	5,164
Printing and publications	2,902	-	1,832	-	4,734	1,077	5,811	15,882
Travel and meetings	20,379	-	14,016	-	34,395	7,272	41,667	88,916
Outreach	1,356	-	1,629	-	2,985	6,844	9,829	20,390
Training and recruitment	-	-	13,088	-	13,088	-	13,088	13,034
Dues and subscriptions	-	-	111	-	111	2,264	2,375	4,234
Depreciation	-	-	-	-	-	4,412	4,412	6,188
Loss on disposals	-	-	-	-	-	3,130	3,130	1,036
Miscellaneous	-	-	232	-	232	14,930	15,162	7,230
	<u>248,309</u>	<u>-</u>	<u>799,828</u>	<u>621,600</u>	<u>1,669,737</u>	<u>83,601</u>	<u>1,753,338</u>	<u>1,517,399</u>
Total expenses	\$ 637,239	\$ 80,318	\$ 890,664	\$ 621,600	\$ 2,229,821	\$ 317,265	\$ 2,547,085	\$ 2,315,242

SUWANNEE RIVER AREA HEALTH EDUCATION CENTER, INC.

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2016

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

	2016	2015
Cash flows from operating activities:		
Cash received from government grants	\$ 952,046	\$ 879,803
Cash received from conferences, contracts and others	1,287,483	1,215,934
Cash paid for compensation and related expenses	(831,582)	(729,051)
Cash paid to contractors and vendors	(1,702,210)	(1,517,459)
Interest received	29,728	16,234
Net cash used for operating activities	(264,535)	(134,539)
Cash flows from investing activities:		
Cash paid for investments	(19,555)	(15,623)
Loss on disposal of fixed assets	3,130	(887)
Net cash used for investing activities	(16,425)	(16,510)
Net decrease in cash	(280,960)	(151,049)
Cash, beginning of year	572,512	723,561
Cash, end of year	\$ 291,552	\$ 572,512
Reconciliation of change in net assets to net cash used for operating activities:		
Change in net assets	\$ (97,154)	\$ (132,867)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	4,412	6,188
(Increase) decrease in current assets		
Accounts receivable	(220,417)	(119,108)
Grants receivable	(6,707)	48,827
Accrued interest receivable	-	(123)
Increase (decrease) in current liabilities		
Accounts payable	46,716	(6,248)
Accrued liabilities	(8,230)	65,108
Unearned revenue	46,449	-
Accrued compensated absences	(29,604)	3,684
Total adjustments	(167,381)	(1,672)
Net cash used for operating activities	\$ (264,535)	\$ (134,539)

**SUWANNEE RIVER AREA HEALTH
EDUCATION CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

The Suwannee River Area Health Education Center, Inc. (the Organization) is a nonprofit corporation organized on January 1, 1992, for the purpose of providing education and training programs for health professionals in the North Central Florida catchment area, consisting of twelve contiguous counties. The Organization is primarily funded by "purchase of services" contracts with the University of Florida, which is the 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 advisory services to health education related organizations. The Organization is governed by a voluntary board of directors selected from the twelve county area.

B. Basis of Accounting

Suwannee River Area Health Education Center, Inc. (SRAHEC) 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.

Suwannee River 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. Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes.

The assets, liabilities and net assets of the Organization consist of the following self-balancing fund groups:

Unrestricted Fund - Accounts for all resources over which the governing board has discretionary control in carrying on the operations of the Organization in accordance with the limitation of its charter, bylaws, and contractual agreements. This fund is utilized to report the activities of the Organization's primary operating programs.

Temporarily Restricted Funds - These funds are utilized to segregate financial resources and activities related to the following programs administered by the Organization:

Florida AHEC Network - By contract with this organization, the SRAHEC serves as fiscal intermediary to conduct the business affairs of the Florida AHEC Network, a consortium of four Florida medical schools and their regional area health education centers.

Other Agencies - By contract with a number of organizations, the SRAHEC serves as fiscal intermediary to provide services related to the management of hosting educational conferences and related revenues and expenditures.

D. Property and Depreciation

The Organization follows the practice of capitalizing all expenditures in excess of \$500 at cost, or, if donated, at fair market value at date of acquisition. Proceeds from the sale of properties, 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 5 to 7 years.

E. Revenue Recognition

The Organization's primary revenue is derived from "purchase of services" grant 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.

The Organization reports unearned revenue, if applicable, on its combined statement of financial position. Unearned revenues arise when resources are received by the Organization before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the Organization has a legal claim to due resources, the liability for unearned revenue is removed from the statement of financial position and revenue is recognized.

F. Cash and Cash Equivalents

For the purposes of reporting the statement of cash flows, cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

G. Unearned Revenues

The Organization records unearned revenues in its statement of financial position. Unearned 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 unearned revenue is removed from the statement of financial position and revenue is recognized.

H. 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.

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 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 cost as incurred. The advertising costs for the current year were \$9,829, which was substantially related to program services.

NOTE 2. FIXED ASSETS AND DEPRECIATION

Depreciation of furniture and fixtures, machinery and equipment, and vehicles 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 \$500 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 fixtures	\$ 62,646	7
Machinery and equipment	43,229	5
Less: accumulated depreciation	<u>(98,450)</u>	
	<u>\$ 7,425</u>	

Depreciation expense for the fiscal year ended June 30, 2016 was \$4,412.

NOTE 3. VACATION AND SICK LEAVE COMMITMENTS

The Organization has recorded a liability for vacation leave benefits up to 250 hours as well as 25% of sick leave, which have vested. The total of the accrued benefits amounted to \$23,916 at June 30, 2016.

NOTE 4. CASH

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

NOTE 5. PENSION PLAN

The Organization has adopted a Simplified Employee Pension plan under Section 408(k) of the Internal Revenue Code. This plan is not subject to the requirements of ERISA or Internal Revenue Service regulations relating to qualified pension plans. Under this defined contribution type of plan, the Organization makes contributions to annuity contracts purchased on behalf of eligible employees. Contribution levels have been currently established at 7% of employee compensation

for all full-time employees. Under this plan employees become participants upon beginning employment and full vesting occurs when contributions are made. Total payments to the plan for the fiscal year ended June 30, 2016, were \$29,995.

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. Returns filed for 2016, 2015, and 2014 are subject to review and amendment by the Internal Revenue Service.

NOTE 7. LEASED FACILITIES

The Organization rents its administrative facilities in Alachua, Florida. As of January 1, 2013, the Organization signed a new lease. Under the terms of the lease, the Organization is obligated to pay sixty monthly payments of \$5,833. Total rent paid for the year ended June 30, 2016 was \$70,000.

The terms of this lease began January 1, 2013 and will expire December 31, 2017.

The future minimum lease payments at June 30, 2016, are as follows:

<u>June 30</u>	<u>Minimum Lease Payments</u>
2017	\$ 70,000
2018	29,167
	<u>\$ 99,167</u>

NOTE 8. LEASED EQUIPMENT

In July 2013, the Organization entered into an operating lease agreement for a copy machine with Dex Imaging, Inc. Under the terms of this lease, the Organization is obligated to pay sixty-three monthly payments of \$627. Subsequent to year end, the Organization was in negotiations to terminate this lease and receive a buyout for the copier by the new lease company. The future minimum lease payments at June 30, 2016, are as follows:

<u>June 30,</u>	<u>Minimum Lease Payments</u>
2017	\$ 7,521
2018	7,521
2019	1,880
	<u>\$ 16,922</u>

In September 2015, the Organization entered into an operating lease agreement for a copy machine with Sissine's Office Systems. Under the terms of this lease, the Organization is obligated to pay sixty monthly payments of \$1,046. The future minimum lease payments at June 30, 2016, are as follows:

<u>June 30,</u>	<u>Minimum Lease Payments</u>
2017	\$ 9,416
2018	12,554
2019	12,554
2020	12,554
2021	3,139
	<u>\$ 50,217</u>

In September 2015, the Organization entered into two operating lease agreements for two vehicles with Santa Fe Ford, Inc. Under the terms of these leases, the Organization is obligated to pay seventy-two monthly payments of \$636. The future minimum lease payments at June 30, 2016, are as follows:

<u>June 30,</u>	<u>Minimum Lease Payments</u>
2017	\$ 7,632
2018	7,632
2019	7,632
2020	7,632
2021	7,632
2022	2,544
	<u>\$ 40,704</u>

NOTE 9. 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 10. CONTINGENCIES

There is a contingent liability due to the fact that all possible regulatory audits of the Organization and its prime funding contractor have not been fully 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 could be subject to repayment by the Organization. The Organization's administration believes that all expenditures were significantly in compliance with appropriate grant regulations.

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, 2016, the total bank balances were \$1,150,960 of which \$959,966 was covered by federal depository insurance.

Receivables at year end consisted of grant and contract revenues from governmental and non-profit agencies that were considered to be substantially collectible. The Organization was owed approximately \$47,177 from a non-profit agency that was in a delinquent status at year end. Subsequently, the Organization has implemented legal proceedings to collect this balance.

NOTE 12. 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
Raymond James Bank Investment Portfolio, Sweep Deposit Program	\$ 678,388	\$ 678,388
	<u>\$ 678,388</u>	<u>\$ 678,388</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 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. CONCENTRATION OF REVENUE SOURCES

Approximately 39% of the Organization's revenues is derived from two grant contracts which must be annually renewed.

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 Statement ASC 958 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, 2015, from which the summarized information was derived.

NOTE 18. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization had evaluated events and transactions for potential recognition or disclosure through January 17, 2017, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

SUWANNEE RIVER AREA HEALTH EDUCATION CENTER, INC.

**TEMPORARILY RESTRICTED FUNDS
COMBINING STATEMENT OF FINANCIAL POSITION**

June 30, 2016

	Florida AHEC Network	Other Agencies	Totals
ASSETS			
Current assets			
Cash	\$ 44,531	\$ 89,686	\$ 134,217
Accounts receivable	14,250	48,182	62,432
Total assets	\$ 58,781	\$ 137,868	\$ 196,649
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 41,055	\$ 9,486	\$ 50,541
Due to other funds	-	63,715	63,715
Total liabilities	41,055	73,201	114,256
Net assets, temporarily restricted	17,726	64,667	82,393
Total liabilities and net assets	\$ 58,781	\$ 137,868	\$ 196,649

SUWANNEE RIVER AREA HEALTH EDUCATION CENTER, INC.

**TEMPORARILY RESTRICTED FUNDS
COMBINING STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2016

	Florida AHEC Network	Other Agencies	Totals
SUPPORT AND REVENUE			
Revenue			
Conference income	\$ -	\$ 368,223	\$ 368,223
Tobacco AHEC contributions	241,088	-	241,088
Total support and revenue	241,088	368,223	609,311
EXPENSES			
Operating expenses			
Contractual expenses	164,088	-	164,088
Professional services	65,178	-	65,178
Conferences	-	372,045	372,045
Continuing education	20,289	-	20,289
Total operating expenses	249,555	372,045	621,600
Total expenses	249,555	372,045	621,600
Change in net assets	(8,467)	(3,822)	(12,289)
Net assets, beginning	26,193	68,489	94,682
Net assets, ending	\$ 17,726	\$ 64,667	\$ 82,393

SINGLE AUDIT AND COMPLIANCE SECTION

SUWANNEE RIVER AREA HEALTH EDUCATION CENTER, INC.

SCHEUDLE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended June 30, 2016

Federal and State Grantor/Pass Through Grantor Program Title	CFDA# CSFA#	GRANT #	PROGRAM OR AWARD AMOUNT	REPORTED IN PRIOR YEARS	REVENUES RECOGNIZED	EXPENDITURES
FEDERAL AWARDS						
NONMAJOR PROGRAMS						
<i>US Department of Health and Human Services passed through the University of Florida Area Health Education Centers Point of Service Maintenance and Enhancement Awards</i>	93.107 93.107	UFDSP00011002 UFDSP00010581	\$ 80,000 83,182 <u>163,182</u>	- 75,533 <u>75,533</u>	\$ 65,814 7,648 <u>73,462</u>	\$ 65,814 7,648 <u>73,462</u>
<i>US Department of Health and Human Services Centers for Medicare and Medicaid Services Passed through the University of South Florida Passed through WellFlorida Council Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Exchanges</i>	93.332 93.332	6414-1079-00-I 6414-1082-00-L	135,810 99,290 235,100	- 68,466 68,466	110,115 27,826 137,941	110,115 27,826 137,941
<i>Passed through the National AHEC Organization Total federal awards</i>	93.733	1H23IP000960	18,000 416,282	- 143,999	16,000 227,403	16,000 227,403
STATE FINANCIAL ASSISTANCE						
MAJOR PROGRAMS						
<i>Department of Health passed through the University of Florida Area Health Education Center Grant Tobacco Grant</i>	64.097	UFDSP00010863	677,350	-	677,350	677,350
<i>Team Approach Model for Heart Disease, Diabetes and Depression Total state awards Total federal awards and state financial assistance</i>	N/A	UFDSP00011199	54,000 731,350 <u>1,147,632</u>	- - 143,999	54,000 731,350 <u>958,753</u>	54,000 731,350 <u>958,753</u>

SUWANNEE RIVER 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 Schedule of Expenditures of Federal Awards and State Financial Assistance of Suwannee River 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 10.6\50, *Rules of the Auditor General of Florida*.

A. Reporting entity

The reporting entity consists of Suwannee River 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.

B. 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
Suwannee River Area Health Education Center, Inc.
Alachua, Florida

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 Suwannee River 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 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Suwannee River 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 Suwannee River 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 the 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 over financial reporting that might 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 did identify the following deficiency in internal control that we consider to be a significant deficiency.

**2012-1
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 when the Organization does not have the expertise necessary to prevent, detect, and correct misstatements. 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.

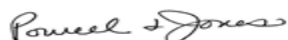
At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Suwannee River 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 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 17, 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
Suwannee River Area Health Education Center, Inc.
Alachua, Florida

Report on Compliance for each Major State Financial Assistance Project

We have audited Suwannee River 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, 2016. Suwannee River 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 Suwannee River 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*, described in the *Department of Financial Services' State Projects Compliance Supplement*, 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 Suwannee River 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 Suwannee River Area Health Education Center, Inc.'s compliance

Opinion on Each Major State Financial Assistance Project

In our opinion, Suwannee River 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.

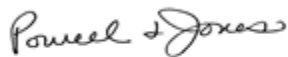
Report on Internal Control Over Compliance

Management of Suwannee River 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 Suwannee River 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 Suwannee River 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
January 17, 2017

SUWANNEE RIVER 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 weakness? **Yes**

Noncompliance material to financial statements noted? **No**

State Financial Assistance

Internal control over major programs:

● Material weakness(s) identified? **No**

● Significant deficiencies identified that are 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:

CSFA Number/Contract Number
64.097/UFDSP00010863
Tobacco Grant

Name of Program or Cluster
Department of Health, Area
Health Education Centers

Dollar threshold used to distinguish between Type A and Type B programs: **\$219,405**

State Financial Assistance 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 projects.

MANAGEMENT LETTER

To the Board of Directors
Suwannee River Area Health Education Center, Inc.
Alachua, Florida

In planning and performing our audit of the financial statements of Suwannee River Area Health Education Center, Inc., for the 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.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiencies. The remaining sections of this letter address these matters.

PRIOR YEAR FINDINGS

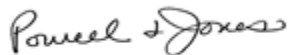
There were no reportable findings in the previous year.

CURRENT YEAR FINDINGS

There were no reportable findings in the current year.

CONCLUSION

We have reviewed our findings with appropriate employees and have provided them with documentation as requested. We very much enjoyed the challenges and experiences associated with this year's 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 17, 2017

Communication with Those Charged with Governance

To the Board of Directors
Suwannee River Area Health Education Center, Inc.
Alachua, Florida

We have audited the financial statements of Suwannee River 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 Suwannee River 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 Suwannee River 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 17, 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 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

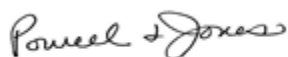
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses 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 Suwannee River 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 17, 2017