

**GULF COAST SOUTH AREA HEALTH
EDUCATION CENTER, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

JUNE 30, 2020

GULF COAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Gulfcoast South Area Health Education Center, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Gulfcoast South Area Health Education Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gulfcoast South Area Health Education Center, Inc. as of June 30, 2020, 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.

Report on Summarized Comparative Information

We have previously audited Gulfcoast South Area Health Education Center, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 state financial assistance on pages 17 and 18 as required by Chapter 10.650, Rules of the Auditor General and the Florida Single Audit Act, 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 October 26, 2020, on our consideration of Gulfcoast South 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 solely 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 the effectiveness of Gulfcoast South Area Health Education Center's 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 Gulfcoast South Area Health Education Center, Inc.'s internal control over financial reporting and compliance.

*Christopher, Smith, Leonard
Bristow & Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.

October 26, 2020
Sarasota, Florida

GULFCOAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH SUMMARY TOTALS FOR 2019)

<u>ASSETS</u>				
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
Current Assets				
Cash and cash equivalents	\$ 92,659	\$ 357,910	\$ 450,569	\$ 921,457
Certificates of deposit	-	1,167,106	1,167,106	873,992
Accounts receivable	26,548	253,245	279,793	260,623
Prepaid expenses	6,200	-	6,200	4,705
Total Current Assets	<u>125,407</u>	<u>1,778,261</u>	<u>1,903,668</u>	<u>2,060,777</u>
Property and Equipment – Net	8,259	-	8,259	11,054
Other Assets				
Certificates of deposit – long term	-	188,641	188,641	-
Deposits	4,655	-	4,655	4,655
TOTAL ASSETS	<u><u>\$ 138,321</u></u>	<u><u>\$ 1,966,902</u></u>	<u><u>\$ 2,105,223</u></u>	<u><u>\$ 2,076,486</u></u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities				
Accounts payable	\$ 5,160	\$ -	\$ 5,160	\$ 10,141
Accrued expenses	56,086	-	56,086	42,165
Total Current Liabilities	<u>61,246</u>	<u>-</u>	<u>61,246</u>	<u>52,306</u>
Net Assets	<u>77,075</u>	<u>1,966,902</u>	<u>2,043,977</u>	<u>2,024,180</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 138,321</u></u>	<u><u>\$ 1,966,902</u></u>	<u><u>\$ 2,105,223</u></u>	<u><u>\$ 2,076,486</u></u>

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

GULFCOAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARY TOTALS FOR 2019)

REVENUE AND SUPPORT	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
Revenue:				
Program fees	\$ 21,588	\$ -	\$ 21,588	\$ 27,705
Interest	-	36,418	36,418	30,661
Other	83,011	-	83,011	32,394
TOTAL REVENUE	<u>104,599</u>	<u>36,418</u>	<u>141,017</u>	<u>90,760</u>
Support:				
Grants – University of South Florida	985,702	-	985,702	1,009,625
Grants– Other	10,234	-	10,234	91
TOTAL SUPPORT	<u>995,936</u>	<u>-</u>	<u>995,936</u>	<u>1,009,716</u>
Net assets released from restrictions	<u>100,901</u>	<u>(100,901)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>1,201,436</u>	<u>(64,483)</u>	<u>1,136,953</u>	<u>1,100,476</u>
EXPENSES				
Program services	1,086,601	-	1,086,601	1,068,808
General and administrative	30,555	-	30,555	80,305
TOTAL EXPENSES	<u>1,117,156</u>	<u>-</u>	<u>1,117,156</u>	<u>1,149,113</u>
INCREASE (DECREASE) IN NET ASSETS	<u>84,280</u>	<u>(64,483)</u>	<u>19,797</u>	<u>(48,637)</u>
NET ASSETS AT BEGINNING OF YEAR	<u>(7,205)</u>	<u>2,031,385</u>	<u>2,024,180</u>	<u>2,072,817</u>
NET ASSETS AT END OF YEAR	<u>\$ 77,075</u>	<u>\$ 1,966,902</u>	<u>\$ 2,043,977</u>	<u>\$ 2,024,180</u>

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

GULF COAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARY TOTALS FOR 2019)

	Program Services			General and Administrative	Totals	
	Other AHEC	Tobacco	Total		2020	2019
Community training/ student recruitment	\$ 3,500	\$ -	\$ 3,500	\$ -	\$ 3,500	\$ 17,836
Training and cessation	-	131,033	131,033	-	131,033	181,032
Payroll	98,117	452,210	550,327	16,371	566,698	568,395
Benefits	13,280	92,643	105,923	3,151	109,074	113,496
Rent	-	60,182	60,182	2,878	63,060	55,840
Marketing	2,344	84,324	86,668	568	87,236	74,937
Supplies	6,566	21,536	28,102	1,438	29,540	24,333
Furniture/equipment	998	15,503	16,501	929	17,430	19,113
Professional	21,977	24,749	46,726	2,375	49,101	30,389
Travel/mileage	3,982	15,075	19,057	79	19,136	28,558
Insurance	686	11,444	12,130	1,165	13,295	11,933
Depreciation	-	2,376	2,376	419	2,795	2,795
Maintenance/repairs	-	12,347	12,347	439	12,786	8,486
Utilities	1,047	8,698	9,745	616	10,361	9,727
Miscellaneous	600	1,384	1,984	127	2,111	2,243
Total Expenses	\$ 153,097	\$ 933,504	\$ 1,086,601	\$ 30,555	\$ 1,117,156	\$ 1,149,113

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

GULFCOAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARY TOTALS FOR 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 19,797	\$ (48,637)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,795	2,795
(Increase) decrease in:		
Accounts receivable	(19,170)	42,501
Prepaid expenses	(1,495)	-
Deposits	-	9,013
Increase (decrease) in:		
Accounts payable	(4,981)	(3,266)
Accrued expenses	13,921	(4,099)
	10,867	(1,693)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(9,013)
(Purchase) sale of certificates of deposit, net	(481,755)	634,159
	(481,755)	625,146
Net (Decrease) Increase in Cash and Cash Equivalents	(470,888)	623,453
Cash and Cash Equivalents at Beginning of Year	921,457	298,004
Cash and Cash Equivalents at End of Year	\$ 450,569	\$ 921,457

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

**GULFCOAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Gulfcoast South Area Health Education Center, Inc. (“GSAHEC” or the “Organization”) was formed in December 1995 and is incorporated under the laws of the State of Florida as a not-for-profit organization.

What is AHEC?

The Area Health Education Centers (“AHECs”) were established in the 1970's to address the maldistribution of health care professionals in the nation's medically underserved areas. Currently there are 56 AHEC programs with more than 235 centers that operate in almost every state and the District of Columbia. Their main goal is to improve the distribution, supply, quality, utilization, and efficiency of the health care workforce. AHECs accomplish this by linking communities with academic health centers thus promoting cooperative solutions to local health problems.

The Florida AHEC Network

There are five AHEC programs in Florida, each administered by medical schools: The University of Miami, Nova Southeastern University, the University of Florida, the University of South Florida, and Florida State University. There are ten Centers across the State and each one is affiliated with an AHEC Program. GSAHEC is part of the University of South Florida AHEC Program and serves Charlotte, DeSoto, Manatee, and Sarasota counties.

Our Mission

The mission of Gulfcoast South AHEC is to provide health education that improves the well-being of the communities we serve.

What We Do

Tobacco Free Florida AHEC Cessation Program

Through funding received from the State of Florida Department of Health, AHECs work in every county of the state to help reduce the use of tobacco by delivering effective evidence-based cessation services for tobacco users and training programs for health professions students and health care professionals. Diverse populations are served through classes at public sites, businesses, hospitals, health departments, behavioral health centers, and addiction treatment centers. Services performed include:

- Educating and Training Health Professions Students
- Offering Continuing Education to Practicing Health Care Professionals
- Providing Cessation Services to Tobacco Users
- Systems Change Efforts

**GULFCOAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

REACH Student Programs

GSAHEC's Recruitment and Educational Assistance for Careers in Health (REACH) Program inspires students to choose a career in the health professions caring for underserved populations. Across the U.S. there is an acute shortage of health professionals, therefore an essential component is the recruitment of students into primary care health fields. The REACH Programs offer students a unique opportunity to explore a variety of health care occupations through presentations, research projects, guest speakers and job shadowing outreach opportunities to earn community service hours. The hands-on involvement allows students to learn from experienced health professionals, increases their knowledge about health careers, and motivates the students to develop effective short and long-term educational and career goals. Services performed include:

- REACH Health Careers Presentations
- REACH Health Careers Summer Programs
- OutREACH Program
- REACH/HOSA Future Health Professionals Partnerships
- AHEC Scholars Program

ACCESS Program

GSACHEC's Advanced Cultural Competence Education and Support Services (ACCESS) Program strives to reduce health disparities and liability risks by assisting local health and human services organizations in providing effective care to linguistically and culturally diverse communities. The availability of culturally and linguistically competent health services is increasingly being recognized as a prerequisite to quality and effective health care. With the growing number of Florida residents who speak a language other than English, there is an increasing demand for linguistically diverse staff and qualified interpreters in the health care and public safety settings. Services performed include:

- Medical Interpreting Training
- Occupational Spanish Courses
- Cultural Competency Seminars
- National Certification Preparation, Interpreters' Evaluations and More

Basis of Accounting

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

Change in Accounting Principle

Effective July 1, 2019, GSAHEC adopted Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers* (Topic 606), and all subsequently issued clarifying ASUs related to Topic 606 which replaced most existing revenue recognition guidance for exchange transactions recognized in accordance with accounting principles generally accepted in the United States of America (GAAP). This ASU requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. This ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of

GULFCOAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

revenue and cash flows arising from contracts with customers. GSAHEC adopted this ASU effective July 1, 2019, the first day of GSAHEC's fiscal year, using the full retrospective method. A practical expedient was applied for revenue contracts that began and ended in the same year. Though these contracts were not restated, the effect of applying this expedient was not significant to the consolidated financial statements. Based on GSAHEC's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under Topic 606. The adoption of ASU 2014-09 did not affect amounts previously reported as net assets as of June 30, 2019.

Effective July 1, 2019, GSAHEC adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides criteria for evaluating when a transaction should be reported as an exchange transaction or contribution. It also provides criteria for determining whether a contribution is conditional. The adoption of ASU 2018-08 did not affect amounts previously reported as net assets as of June 30, 2019.

Financial Statement Presentation and Contributions

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions, as applicable. Support that is restricted by outside parties is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Net assets with donor restrictions were \$1,966,902 as of June 30, 2020.

Income Taxes

GSAHEC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the code. The Organization also considers items that may be subject to tax as unrelated trade or business income each year and files the appropriate exempt organization business income tax return each year.

There was no tax due to unrelated trade or business income for 2020. The Organization follows Accounting Standards Codification 740 related to accounting for uncertainty in income taxes. Management has reviewed their tax positions and concluded no liability or uncertain tax positions, or any interest or penalties related to uncertain tax positions should be recognized in the Organization's financial statements, therefore, no provision for income taxes is made in these financial statements. The Organization's previous three years tax filings remain open to IRS inspection.

Reclassification

Certain balances in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications have not had any impact on the change in net assets.

Cash and Cash Equivalents

For purposes of the Statement of Financial Position and the Statement of Cash Flows, GSAHEC considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**GULFCOAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property and Equipment

Property and equipment are carried at cost. Donated assets are recorded at their fair market value at the time of the gift. Property and equipment acquisitions in excess of \$2,500 are capitalized. Depreciation is provided for and is computed using the straight-line method based on the estimated useful lives of the assets. Normal and routine maintenance and repair costs that do not extend the useful lives of assets are expensed as incurred.

The estimated useful lives of depreciable assets are as follows:

Office furniture and equipment	5 – 7 years
Computer equipment and software	5 years

Depreciation expense for the year ended June 30, 2020 was \$2,795.

Donated Services

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been recognized in the accompanying Statement of Activities because the criteria for recognition under U.S. generally accepted accounting principles have not been satisfied.

Grants and Accounts Receivable

Grants and accounts receivable are recorded at their net realizable value. Grants and accounts receivable are based on services performed prior to yearend, but not collected as of the statement of financial position date. An allowance for doubtful accounts is established based on specific assessment of all amounts that remain unpaid following normal payment periods. Management considers all such amounts to be fully collectible. As a result, no allowance for uncollectible amounts on grants and accounts receivable has been established.

Revenue Recognition

GSAHEC receives substantially all of its revenue in the form of Federal, State and local grants and contracts. GSAHEC uses the guidance in ASU 2018-08 to determine if a transaction is either an exchange transaction or a non-exchange transaction.

Exchange transactions are reported as revenues from contracts from customers under Topic 606. GSAHEC records revenue from exchange transactions based on a five-step model for its customers with contracts: identify the contract, identify performance obligations, determine the transaction price, allocate the contract transaction price to the performance obligations, and recognize the revenue when control of goods or services is transferred to the customer.

Program fees constitute an exchange transaction for medical interpreting training courses with individuals and institutions. The administration of the medical interpreting training courses constitutes a performance obligation that is satisfied at a point in time when the course is held. Revenue is recognized at the time of enrollment. There could be a timing difference between course enrollment and course attendance. However, difference would not be significant to the financial statements.

GULF COAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Recognition – Continued

GSAHEC entered into a contract with Florida State University (FSU) to provide opioid training to students and medical professionals. This contract is determined to be an exchange transaction and GSAHEC is considered to be a vendor of FSU. The administration of the opioid training courses constitutes a performance obligation that is satisfied at a point in time when the course is held and is recognized at that time. The revenue under this contract is included in other revenue in the statement of activities.

Non-exchange transactions include certain grants and contracts, in-kind contributions, and donations and gifts. GSAHEC recognizes grants and contracts revenue either based on the terms of the contract service period or to the extent that expenses have been incurred and the resulting revenue earned. Unconditional donations and gifts are recognized at the time when a donor makes a cash donation or an unconditional promise to give to GSAHEC. Conditional promises to give are recognized as revenue when the barrier is overcome or the conditions on which they depend are substantially met. Donor restricted contributions whose restrictions are not yet met are reported as changes in net assets with donor restrictions until the restriction is met. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. GSAHEC's primary program activities include tobacco cessation, education and training. Expenses reported as supporting activities are incurred in support of these primary program activities. Specific expenses that are readily identifiable to a program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, wages and employee benefits, which are allocated on the basis of estimates of time and effort and accounting, rent and insurance, which are allocated based on estimated use of related facilities and resources.

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 measurement) and the lowest priority to unobservable inputs (level 3 measurement). 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 active markets that GSAHEC has the ability to access.

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;

GULFCOAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements – Continued

- 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.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020. The Organization recognizes transfers of assets into and out of levels as of the date of change in circumstances causing the transfer. In addition, there were no significant transfers between level 1 or 2 for the year ended June 30, 2020.

The Organization invests in certificates of deposit that are valued based on current interest rates for instruments with similar characteristics, as estimated by the custodians of the securities. Management has determined that the pricing models utilized by the custodians provide a reasonable estimation of fair value.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were made.

Prior Year Summarized Information

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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

GULF COAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Concentration of Risk

The Organization's largest revenue source is from the University of South Florida (USF). Revenue from USF for the year ended June 30, 2020 was \$985,702 or 87% of total revenue. The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization also maintains cash in money market accounts with its investment institution, which are not covered by the FDIC. The Organization believes that it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 2 – PROPERTY AND EQUIPMENT

A summary of fixed assets and accumulated depreciation as of June 30, 2020 is as follows:

Office furniture and equipment	\$ 58,107
Computer equipment and software	<u>19,372</u>
	77,479
Less: accumulated depreciation	<u>(69,220)</u>
Property and Equipment – Net	<u>\$ 8,259</u>

NOTE 3 – OPERATING LEASES

GSAHEC has a continuing lease for its offices, expiring on August 31, 2025 under the Seventh Amendment to the lease dated August 20, 2020. In addition to the base rent, GSAHEC is responsible for their proportionate share of taxes and operating expenses and an additional fee that fluctuates annually based on actual operating expenses. Rent expense, including common area maintenance charges, for the year ended June 30, 2020 was \$63,060.

At June 30, 2020, the future minimum lease payments under the lease are as follows:

2021	\$ 39,747
2022	40,332
2023	41,539
2024	42,780
2025	44,053
2026	<u>7,378</u>
	<u>\$ 215,829</u>

NOTE 4 – GRANTS

On July 1, 2019, GSAHEC entered into a cost reimbursement sub-agreement with the University of South Florida and the Florida Department of Health to provide services based on the following statement of work:

- a. Work with faculty at academic institutions in the area served to train health professionals (e.g. physicians, nurse practitioners, nurses, physician assistants, dentists, dental hygienists, and other health providers) and health profession students on effective tobacco cessation techniques.

GULFCOAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – GRANTS – CONTINUED

- b. Work with faculty within the area served to develop and implement tobacco prevention and cessation content into their curricula.
- c. Provide continuing professional education for health care providers from multiple disciplines on a variety of tobacco-related topics including effective tobacco cessation methods, use of nicotine replacement therapy and promotion of the Florida Tobacco Quitline and Faxline.
- d. Develop and/or disseminate tobacco control information to health profession students and health care providers and to serve as a vehicle to disperse current information about effective anti-tobacco programs, distribute updated information on tobacco related topics and rapidly disseminate new developments and activities in the realm of tobacco prevention, training, and cessation.
- e. Enhance resources in rural and underserved communities and those targeted as special populations in need such as pregnant women, individuals with chronic disease, and/or youth.
- f. Assist patients with their tobacco cessation efforts and educate health care providers on tobacco cessation best practices and the use of pharmacotherapy products.
- g. Establish and maintain collaborative relationships with county health departments in the area served, regional tobacco control coordinators and various community-based organizations to promote general tobacco prevention and cessation campaigns, provide community-based tobacco education and cessation information and support efforts to create/sustain tobacco free environments in each county.
- h. Further collaborate with the Department of Health to advance its mission to reduce the complications of tobacco use within its service area.

The grant is in the amount of \$929,850 payable quarterly based on actual costs. Revenue earned under this contract at June 30, 2020 was \$880,435 with \$238,442 in receivables at year end. The sub-agreement number is 6101-1045-03-A. The contract has a 30-day termination clause with or without cause.

On September 1, 2019, GSAHEC entered into a cost reimbursement sub-agreement with the University of South Florida and the United States Department of Health and Human Services. The grant is in the amount of \$101,955 payable quarterly based on actual costs. Revenue earned at June 30, 2020 was \$105,267. The sub-agreement number is 6157-1000-02-B. The contract has a 30-day termination clause with or without cause.

These grants are the primary source of support to GSAHEC.

NOTE 5 – ACCUMULATED PAID TIME OFF

The Organization's obligation relating to employee rights to receive compensation for future absences that are attributed to services already rendered has been recognized as accrued expenses in the statement of financial position. At June 30, 2020, liabilities for accumulated paid time off amounted to \$16,558.

GULF COAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – TAX-DEFERRED ANNUITY PLAN

GSAHEC participates in a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all employees of GSAHEC. GSAHEC makes discretionary contributions to the plan for qualified employees. These contributions are based on each qualified employee's compensation to the total compensation of all employees who are eligible for employer contributions up to 10% annually. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. Plan expenses were \$31,579 for the year ended June 30, 2020.

NOTE 7 – FAIR VALUE MEASUREMENT

The following table presents the Organization's financial assets that are carried at fair value and measured on a recurring basis as of June 30, 2020:

	Fair Value Measurement			
	Totals	Level 1	Level 2	Level 3
Assets:				
Certificates of deposit	\$1,167,106	\$ -0-	\$1,167,106	\$ -0-
Certificates of deposit – long term	<u>\$ 188,641</u>	<u>\$ -0-</u>	<u>\$ 188,641</u>	<u>\$ -0-</u>
Total	<u>\$1,355,747</u>	<u>\$ -0-</u>	<u>\$1,355,747</u>	<u>\$ -0-</u>

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following programs or uses at June 30, 2020:

AHEC Programs	\$ 1,659,793
Tobacco Programs	<u>307,109</u>
	<u>\$ 1,966,902</u>

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FUNDS

The following table reflects GSAHEC's financial assets as of June 30, 2020, reduced by amounts not available for general use because of contractual restrictions, donor-imposed restrictions, or board designations within one year of the balance sheet date.

Financial assets at June 30, 2020:	
Cash and cash equivalents	\$ 450,569
Certificates of deposit	1,355,747
Accounts receivable	<u>279,793</u>
	\$ 2,086,109
Less those unavailable for general expenditure within one year due to donor restrictions or board designations:	
Cash and cash equivalents with donor restrictions	(357,910)
Certificates of deposit with donor restrictions	(1,355,747)
Accounts receivable with donor restrictions	<u>(253,245)</u>
	<u>\$ 119,207</u>

GULF COAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FUNDS – CONTINUED

GSAHEC is almost entirely supported by state funding which is typically restricted as to use. As described in Note 1, support that is restricted by an outside party is reported as an increase in net assets without donor restrictions if the restriction is met or expires in the reporting period in which the support is recognized. In addition, the Organization is holding funds carried over from previous years that are restricted for use in accordance with their original purpose. As part of GSAHEC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due within the next year. GSAHEC also evaluates the nature of its programming for the upcoming year to ensure that programs are consistent with meeting the restrictions for use of its carry over funding if necessary. In addition to cash and cash equivalents available as resources, GSAHEC has the ability to generate operating revenue through other education and training programs.

NOTE 10 – CONTINGENCIES

Management of GSAHEC is evaluating the risks associated with the COVID-19 pandemic and has implemented risk mitigation processes related to the risk of impact, if any, of COVID-19 related to all aspects of GSAHEC's operations. However, GSAHEC cannot, at this time, make a determination on the ultimate impacts of the COVID-19 pandemic.

NOTE 11 – SUBSEQUENT EVENTS

GSAHEC has evaluated subsequent events through October 26, 2020, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

GULF COAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2020

State Agency/Pass-Through Grantor State Project	CSFA Number	Identifying Number	Expenditures
Florida Department of Health			
Pass-through the University of South Florida:			
AHEC Tobacco State & Community Interventions	N/A	6101-1045-03-A	\$ 369,788
AHEC Tobacco Cessation	N/A	6101-1045-03-A	<u>510,647</u>
Total State Financial Assistance			<u><u>\$ 880,435</u></u>

The independent auditor's report should be read in connection with this supplemental schedule.

GULF COAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance (schedule) includes the state grant activity of GSAHEC under projects of the state government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of the Florida Single Audit Act and Chapter 10.650 Rules of the Auditor General. Because the schedule presents only a selected portion of the operations of GSAHEC, it is not intended to and does not present the financial position, change in net assets, or cash flows of GSAHEC. GSAHEC did not pass through any grant amounts to sub-recipients.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The independent auditor's report should be read in connection with this supplemental schedule.

OTHER AUDITOR'S REPORTS

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
Gulfcoast South Area Health Education Center, Inc.

We have audited, 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, the financial statements of Gulfcoast South Area Health Education Center, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year the ended, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gulfcoast South Area Health Education Center, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Gulfcoast South 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 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, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gulfcoast South 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 financial statement. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Christopher, Smith, Leonard
Bristow & Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.

October 26, 2020
Sarasota, Florida

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
CHAPTER 10.650 RULES OF THE AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Gulfcoast South Area Health Education Center, Inc.

Report on Compliance for Each Major State Project

We have audited Gulfcoast South 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 Gulfcoast South Area Health Education Center, Inc.'s major State projects for the year ended June 30, 2020. Gulfcoast South Area Health Education Center, Inc.'s major State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its State projects applicable to its State projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Gulfcoast South Area Health Education Center, Inc.'s major State 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 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 project occurred. An audit includes examining, on a test basis, evidence about Gulfcoast South 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 project. However, our audit does not provide a legal determination of Gulfcoast South Area Health Education Center, Inc.'s compliance.

Opinion on Each Major State Project

In our opinion, Gulfcoast South 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 projects for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Gulfcoast South 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 Gulfcoast South Area Health Education Center, Inc.'s internal control over compliance with the types of compliance requirements that could have a direct and material effect on a major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State 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 Gulfcoast South 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 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 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 combination of deficiencies, in internal control over compliance with the type of compliance requirement of a State 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 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.

*Christopher, Smith, Leonard
Bristow & Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.

October 26, 2020
Sarasota, Florida

**GULF COAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE PROJECTS**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Major State Projects

Internal control over major state projects:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major state projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.656, Rules of the Auditor General.	No

Identification of Major State Projects

	<u>CSFA Number</u>
AHEC Tobacco Cessation Contract 6101-1045-03-A	N/A
AHEC Tobacco State and Community Intervention Contract 6101-1045-03-A	N/A
Dollar threshold used to distinguish between type A and type B programs state projects:	\$300,000

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS

None reported.

SECTION IV – OTHER ISSUES

Pursuant to the Rules of the Auditor General 10.650, a management letter has been prepared and can be found on page 24. No Summary Schedule of Prior Audit Findings is required because there were no audit findings related to State Projects. As a result, no Corrective Action Plan has been included because there were no findings reported under the Florida Single Audit Act.

MANAGEMENT LETTER

To the Board of Directors
Gulfcoast South Area Health Education Center, Inc.

Report on the Financial Statements

We have audited the financial statements of Gulfcoast South Area Health Education Center, Inc. as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated October 26, 2020.

Auditor's Responsibility

We conducted our audit 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 Florida Auditor General.

Other Reporting Requirements

We have issued our 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*, Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated October 26, 2020, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and State granting agencies and pass-through entities, the Board of Directors and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

*Christopher, Smith, Leonard
Bristow & Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.

October 26, 2020
Sarasota, Florida

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