

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

**Financial Statements
and Supplemental
Information**

**Year Ended
June 30, 2023**

TABLE OF CONTENTS

	Page
FINANCIAL STATEMENTS	
Independent Auditor's Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 16
SUPPLEMENTAL INFORMATION	
Schedule of Expenditures of Federal Awards and State Financial Assistance	17
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	18
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 <i>Government Auditing Standards</i>	19 - 20
Independent Auditor's Report on Compliance for Each Major Project and on Internal Control Over Compliance Required by Chapter 10.650, <i>Rules of the Auditor General</i>	21 - 23
Schedule of Findings and Questioned Costs	24 - 25



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Big Bend Area Health Education Center, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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 State of Florida Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance 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 March 29, 2024, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 7, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 29, 2024

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 225,458	\$ 177,634
Investments	830,805	806,802
Grants receivable	424,082	411,667
Accounts receivable	65,965	39,209
Prepaid expenses	14,059	14,379
Deposits	<u>5,151</u>	<u>5,151</u>
Total current assets	1,565,520	1,454,842
Operating lease ROU asset	<u>125,946</u>	<u>-</u>
Total assets	<u><u>\$ 1,691,466</u></u>	<u><u>\$ 1,454,842</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities:		
Accounts payable	\$ 39,263	\$ 41,559
Accrued wages	23,489	20,872
Accrued liabilities	2,094	66
Accrued compensated absences	24,965	33,293
Deferred revenue	10,478	-
Short-term lease liability	<u>51,036</u>	<u>-</u>
Total current liabilities	151,325	95,790
Operating lease liability, long-term	<u>76,302</u>	<u>-</u>
Total liabilities	227,627	95,790
Net assets without donor restrictions	<u>1,463,839</u>	<u>1,359,052</u>
Total liabilities and net assets	<u><u>\$ 1,691,466</u></u>	<u><u>\$ 1,454,842</u></u>

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

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
SUPPORT AND REVENUE		
Support		
Area Health Education Center grant funds		
Federal	\$ 487,087	\$ 494,966
State	800,368	775,167
Total support	<u>1,287,455</u>	<u>1,270,133</u>
Revenue		
Center income	98,142	178,021
PPP loan forgiveness	-	121,562
Total revenue	<u>98,142</u>	<u>299,583</u>
Total revenue and support	<u>1,385,597</u>	<u>1,569,716</u>
EXPENSES		
Program services:		
Healthcare education		
Personnel services	703,928	629,240
Operating expenses	568,199	646,697
Total program services	<u>1,272,127</u>	<u>1,275,937</u>
Supporting services, management and general:		
Personnel services	15,716	76,531
Operating expenses	17,052	63,672
Total supporting services	<u>32,768</u>	<u>140,203</u>
Total expenses	<u>1,304,895</u>	<u>1,416,140</u>
Change in net assets before investments	80,702	153,576
Investment income (loss)	<u>24,085</u>	<u>(125,313)</u>
Change in net assets	104,787	28,263
Net assets, beginning of year	<u>1,359,052</u>	<u>1,330,789</u>
Net assets, end of year	<u>\$ 1,463,839</u>	<u>\$ 1,359,052</u>

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

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023
(with summarized comparative information for the year ended June 30, 2022)

	Program Services					Total Program Services	Supporting Services	Total 2023	Total 2022
	Model AHEC	Tobacco	Closing the Gap	COHAJ	Navigators		Management & General		
PERSONNEL SERVICES									
Salaries	\$ 53,766	\$ 294,287	\$ 50,626	\$ 11,540	\$ 150,889	\$ 561,108	\$ 14,202	\$ 575,310	\$ 566,457
Payroll taxes	4,138	22,854	3,818	918	11,421	43,149	-	43,149	46,315
Employee benefits	11,516	55,305	4,430	-	28,420	99,671	1,514	101,185	92,999
	<u>69,420</u>	<u>372,446</u>	<u>58,874</u>	<u>12,458</u>	<u>190,730</u>	<u>703,928</u>	<u>15,716</u>	<u>719,644</u>	<u>705,771</u>
OPERATING EXPENSES									
Accounting and auditing	3,677	30,614	1,915	-	25,073	61,279	-	61,279	47,042
Advertising	-	2,508	-	-	35,570	38,078	1,400	39,478	39,580
Bank charges	-	-	-	-	-	-	236	236	25
Computer maintenance	539	15,147	5,100	-	3,722	24,508	-	24,508	26,034
Conferences and meetings	100	1,450	-	-	50	1,600	36	1,636	578
Contractual services	-	38,523	18,516	-	8,469	65,508	800	66,308	86,183
Dues and subscriptions	-	-	180	-	2,591	2,771	4,704	7,475	8,019
Equipment rental and maintenance	-	1,334	-	-	2,610	3,944	-	3,944	14,365
Insurance	-	11,950	-	-	3,416	15,366	-	15,366	13,855
Marketing	-	31,548	1,776	-	122	33,446	2,768	36,214	76,751
Miscellaneous	222	1,792	173	-	32,146	34,333	-	34,333	34,905
Occupancy	-	42,133	-	-	11,719	53,852	1,392	55,244	51,756
Payroll expense	440	2,185	383	6	1,189	4,203	357	4,560	4,714
Postage	27	4,456	-	-	16,633	21,116	9	21,125	65,210
Printing and publication	119	21,254	1,565	-	26,630	49,568	951	50,519	57,275
Professional services	-	60	-	-	-	60	-	60	289
Program service agreements	-	8,650	-	-	-	8,650	-	8,650	56,050
Recruitment and training	22,481	10,451	3,660	-	40	36,632	1,887	38,519	45,540
Repairs and maintenance	-	7,311	2,349	-	3,634	13,294	651	13,945	10,638
Supplies	116	57,593	4,570	-	1,614	63,893	874	64,767	41,386
Telephone, internet and utilities	6	17,453	547	36	5,605	23,647	977	24,624	26,189
Travel	2,432	6,182	392	-	3,445	12,451	10	12,461	3,985
	<u>30,159</u>	<u>312,594</u>	<u>41,126</u>	<u>42</u>	<u>184,278</u>	<u>568,199</u>	<u>17,052</u>	<u>585,251</u>	<u>710,369</u>
Total expenses	<u>\$ 99,579</u>	<u>\$ 685,040</u>	<u>\$ 100,000</u>	<u>\$ 12,500</u>	<u>\$ 375,008</u>	<u>\$ 1,272,127</u>	<u>\$ 32,768</u>	<u>\$ 1,304,895</u>	<u>\$ 1,416,140</u>

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

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from government grants and contracts	\$ 1,370,511	\$ 1,177,483
Cash paid for employee services	(719,644)	(851,067)
Cash paid to contractors and vendors	(579,040)	(694,734)
Net cash provided by (used in) operating activities	71,827	(368,318)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase (transfer) of investments	(24,003)	127,603
Net cash provided by (used in) investing activities	(24,003)	127,603
Net increase (decrease) in cash	47,824	(240,715)
Cash, beginning of year	177,634	418,349
Cash, end of year	\$ 225,458	\$ 177,634
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Increase in net assets	\$ 104,787	\$ 28,263
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
PPP loan forgiveness	-	(121,562)
Non-cash rent expense	1,392	-
Decrease (increase) in current assets		
Grants receivable	(12,415)	(247,862)
Accounts receivable	(26,756)	(19,058)
Prepaid expenses	-	(2,521)
Other assets	320	-
Increase (decrease) in current liabilities		
Accounts payable	(2,296)	(15,880)
Accrued wages	2,028	2,142
Accrued liabilities	2,617	(735)
Accrued compensated absences	(8,328)	8,895
Deferred revenue	10,478	-
Net cash provided by (used in) operating activities	\$ 71,827	\$ (368,318)
SIGNIFICANT NON-CASH TRANSACTIONS - OPERATING LEASE		
Operating lease right-of-use asset	\$ 176,806	\$ -
Operating lease liability	(176,806)	-

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

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

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

The Organization provides administrative services to the Big Bend Rural Health Network, Inc. (Big Bend RHN), a nonprofit corporation, based upon an agreement entered into in April, 2011 and revised in October, 2017.

B. Basis of Accounting

The Organization 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 financial statements are presented in accordance with Financial Accounting Standards Boards (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for Profit Organizations" (the "Guide").

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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.

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fixed Assets and Depreciation

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

D. Revenue Recognition

The Organization follows ASU 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied, and ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

The Organization receives its revenue primarily from government grants, and from purchase of service contracts with the University of Florida.

Government grants consist primarily of cost reimbursement contracts. Revenues for cost reimbursement contracts are recognized when the Organization incurs allowable costs. Amounts received before allowable costs are incurred are reported as deferred revenue. Revenues from purchase of service contracts are recognized when they become measurable and available as current assets which is typically when the service is performed.

E. Estimates

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

F. Cash Equivalents

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

G. Deferred Revenue

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

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Fair Value of Financial Instruments

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

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

I. Advertising Costs

The Organization's general policy is to expense advertising costs as incurred. Such costs incurred for the fiscal year ended June 30, 2023 and 2022, were \$39,478 and \$39,580, respectively.

J. Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

K. 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.

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and efforts
Staff training, dues, subscription, insurance, travel, communications postage, printing and supplies	Charged directly to the benefitting program or allocated by relative total program expense
Professional services (consultants, accounting, advertising, legal)	Charged directly to the benefitting program or allocated by relative total program expense
Facilities costs and rent	Allocation based upon relative total usable square footage

L. Reclassifications

Certain reclassifications have been made to the prior financial statements to conform to the current year presentation.

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Recent Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*, which requires the monitoring and tracking of gifts in kind by asset category, while also noting any donor-imposed restrictions. The Organization adopted ASU No. 2020-07 effective July 1, 2021. The adoption has no significant impact on the Organization’s financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, (ASC 842) that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today’s capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The Organization adopted the lease standard effective July 1, 2022 as disclosed in Note 9.

NOTE 2 – FIXED ASSETS AND DEPRECIATION

Depreciation of furniture and fixtures, and machinery and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. In accordance with Board policy, assets costing less than \$2,000 are generally fully expensed in their year of acquisition.

A summary of the Organization's fixed assets at June 30, follows:

	<u>2023</u>	<u>2022</u>	<u>Life</u>
Furniture and fixtures	\$ 17,918	\$ 17,918	7-10
Less: accumulated depreciation	<u>(17,918)</u>	<u>(17,918)</u>	
	<u>\$ -</u>	<u>\$ -</u>	

Depreciation for the fiscal years ended June 30, 2023 and 2022, was \$0.

NOTE 3 – ACCRUED COMPENSATED ABSENCES

Employees with at least one full year of service are compensated for their unused “paid time off” upon termination, up to a maximum of 480 hours. The Organization had a liability of \$24,965,249.65 and \$33,293 for accrued compensated absences at June 30, 2023 and 2022.

NOTE 4 – CASH

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

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 5 – 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, are as follows:

	Fair Market Value
June 30, 2023	
Truist investments	<u>\$ 830,805</u>
June 30, 2022	
Truist investments	<u>\$ 806,802</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, 2023 and 2022 are based on unadjusted, quoted prices in active markets as of the measurement date (often referred to as level 1 inputs).

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 6 – PENSION PLAN

The Organization has adopted a tax sheltered retirement plan. This plan is a qualified defined contribution plan under Section 403(b)(7) of the Internal Revenue Code. Under this defined contribution type of plan, the Organization makes contributions to the plan on behalf of eligible employees. Contribution levels have been currently established at 7% of employee's compensation for all permanent full-time employees. Employees may also make optional contributions to this plan up to specified limits. Under this plan employees become participants upon completing a six month probationary period and full vesting occurs immediately upon enrollment in the plan. Total employer payments to the plan for the year ended June 30, 2023 and 2022, were \$28,073 and \$28,587, respectively.

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

NOTE 7 – INCOME TAXES

The Organization has been granted an exemption from income taxes under Internal Revenue Code, Section 501(c)(3), as a nonprofit corporation. As required by Internal Revenue Services regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax" with the Internal Revenue Service. Those returns for 2023, 2022, and 2021 are currently subject to review and adjustment by the Internal Revenue Service.

Management has analyzed the Organization's various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported. Therefore, no reserves for uncertain income tax positions have been recorded.

NOTE 8 – CONTINGENCIES

There is a contingent liability due to the fact that all possible applicable regulatory audits have not been completed for the fiscal year ended June 30, 2023. Under provisions of the funding agreements, any eventual expenditures determined to be not in compliance with grant regulations would be subject to repayment by the Organization. The Organization's administration believes that all expenditures were significantly in compliance with appropriate grant regulations.

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 9 – LEASE COMMITMENTS

As disclosed in Note 1-L, the Organization adopted ASC 842, Leases, as of July 1, 2022 using the optional transition method, which applies the provisions of the standard of the effective date without adjusting the prior period, and recorded an operating lease right-of-use asset and corresponding operating lease liability for the net present value of the future minimum lease payments totaling \$176,806. The Organization leases space for its administrative office under non-cancelable operating lease agreement which is the only lease required to be included on the statement of financial position under ASC 842. The adoption had no impact to prior year statement of financial position information, and because the lease is an operating lease, the adoption has no impact on the results of operations.

As of June 30, 2023, the right-of-use (ROU) asset had a balance of \$125,946, as shown in the statement of financial position; the lease liability is included in current liabilities (\$51,036) and long-term liabilities (\$76,302). The lease asset and liability were calculated utilizing the risk-free discount rate (4.463%), according to the Organization elected policy.

The Organization elected to apply the short-term lease exception to all leases with a term of one year or less and those that did not have a material impact to the financial statements. The future payments for these leases are \$10,344 as of June 30, 2023.

Additional information about the Organization lease is as follows:

Lease costs (included in building occupancy):

Operating lease cost	<u>\$ 57,072</u>
Total lease cost	<u><u>\$ 57,072</u></u>

Other information:

Cash paid for amounts included in measuring operating lease liability:

Operating cash flows from operating lease	<u>\$ 55,680</u>
Total cash paid for amounts included in measuring operating lease liability	<u><u>\$ 55,680</u></u>

The difference between building occupancy expense and building occupancy paid is non-cash rent.

Maturities of the operating lease liability as of June 30 are as follows:

2024	\$ 55,680
2025	55,680
2026	<u>23,200</u>
Total lease payments	134,560
Less: interest	<u>(7,222)</u>
Present value of lease liability	<u><u>\$ 127,338</u></u>

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 10 – CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents in local banks which may at times exceed the FDIC limits. At June 30, 2023 and 2022, the total bank balances were \$264,828 and \$254,479.

The Organization bank deposits exceeded federal insured limits by \$14,828 and \$4,479, on June 30, 2023 and 2022, respectively. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents. The Organization acknowledges that balances over the insured amount are subject to risk.

NOTE 11 – CONCENTRATION OF REVENUE SOURCES

For the years ended June 30, 2023 and 2022, approximately 62% and 61% of the Organization's grant revenues is derived from three and two state grant contracts which must be periodically renewed.

NOTE 12 – 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 13 – 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 ASC 958, *Not-for-Profit Entities*, have not been satisfied.

NOTE 14 – 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.

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 15 – LIQUIDITY AND AVAILABILITY

Financial assets available within one year of the statement of financial position date of June 30, 2023 and 2022 for general expenditures are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 225,458	\$ 177,634
Investments	830,805	806,802
Grant funds receivable	424,082	411,667
Accounts receivable	65,965	39,209
	<u>\$ 1,546,310</u>	<u>\$ 1,435,312</u>

The Organization manages its liquid assets in accordance with regular budgeting processes developed through the coordinated efforts of management and the Board of Directors. Regular reporting by management to those charged with governance ensures the results from operating activities are monitored closely.

NOTE 16 – PPP LOAN

The Organization obtained a \$121,562 loan from Intuit Financing Inc. under the Paycheck Protection Program (PPP) in May 2020. Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. The Organization applied for forgiveness with the lender and received forgiveness of \$121,562 from the Small Business Administration (SBA) on September 10, 2021. The amount of loan forgiveness is reported as revenue in 2022.

The SBA may undertake a review of a loan of any size during the six-year period following forgiveness or repayment of the loan. The review may include the loan forgiveness application, as well as whether the Organization received the proper loan amount. The timing and outcome of any SBA review is not known.

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, 2022, from which the summarized information was derived.

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 18 – RELATED PARTY TRANSACTIONS

To carry out its training programs, the Big Bend RHN, a nonprofit corporation, entered into contractual agreements with the Organization, which has delegates on the Board of Directors. Payments under these agreements totaled \$67,551 and \$74,334 for the years ended June 30, 2023 and 2022, respectively. Under these agreements the Big Bend RHN will pay the Organization for administrative services and all other functions necessary to administer the Big Bend RHN's grants, service contracts and other activities. There were no remaining commitments on these agreements as of June 30, 2023.

NOTE 19 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 29, 2024, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended June 30, 2023

Federal Grantor/State Grantor/ Pass-Through Grantor Program Title	ALN/CSFA Number	Subaward Number	Program Award Amount	Received Prior Year	Current Year Revenues	Current Year Expenditures
FEDERAL AWARDS						
Department of Health and Human Passed through University of Florida Area Health Education Centers	93.107	SUB00002821	\$ 108,187	\$ -	\$ 50,364	\$ 50,364
Area Health Education Centers	93.107	SUB00002954	111,000	61,785	49,215	49,215
Passed through Florida Department of Health Prevention	93.426	COHAJ	25,000	12,500	12,500	12,500
Passed through University of South Florida Cooperative Agreement to Support Navigators	93.332	6414-1126-01-G	417,923	-	335,681	335,681
Cooperative Agreement to Support Navigators	93.332	6414-1126-00-G	417,923	378,596	39,327	39,327
Total federal awards			<u>1,080,033</u>	<u>452,881</u>	<u>487,087</u>	<u>487,087</u>
STATE FINANCIAL ASSISTANCE						
State of Florida Department of Health - Area Health Education Centers Passed through University of Florida Cessation Interventions - AHEC	64.097	SUB00002821	406,213	-	406,213	397,323
State and Community Interventions - AHEC	64.112	SUB00002821	294,155	-	294,155	287,717
State of Florida Department of Health Closing the Gap	64.052	CMO56	100,000	-	100,000	100,000
Total state financial assistance			<u>800,368</u>	<u>-</u>	<u>800,368</u>	<u>785,040</u>
Total federal awards and state financial assistance			<u>\$ 1,880,401</u>	<u>\$ 452,881</u>	<u>\$ 1,287,455</u>	<u>\$ 1,272,127</u>

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

For the Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying policies and presentation of the annual report of Big Bend Area Health Education Center, Inc. (the “Organization”) 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 State of Florida Chapter 10.650, *Rules of the Auditor General of Florida*.

NOTE 2 – REPORTING ENTITY

The reporting entity consists of the Organization. The Organization includes a Schedule of Expenditures of Federal Awards and State Financial Assistance in the Supplemental Section.

NOTE 3 – 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.

NOTE 4 – INDIRECT COST RATES

The Organization has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2023.



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American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
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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 of
Big Bend Area Health Education Center, Inc.
Tallahassee, 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 Big Bend Area Health Education Center, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida

March 29, 2024



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

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

Report on Compliance for Each Major State Financial Assistance Project

Opinion on Each Major State Financial Assistance Project

We have audited Big Bend Area Health Education Center, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major financial assistance projects for the year ended June 30, 2023. The Organization's major financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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, 2023.

Basis for Opinion on Each Major State Financial Assistance Project

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* (Chapter 10.650). Our responsibilities under those standards and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state financial assistance project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's state financial assistance projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major state financial assistance project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control over Compliance (continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 29, 2024

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor’s report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

State Financial Assistance

- | | |
|--|---------------|
| 1. Type of auditor’s report issued on compliance for major projects: | Unmodified |
| 2. Internal control over major projects: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, <i>Rules of the Auditor General</i> | No |
| 4. Dollar threshold used to distinguish between Type A and Type B projects | \$300,000 |

Identification of major projects:

<u>Name of State Project</u>	<u>CSFA Number</u>
Cessation Interventions – AHEC	64.097
State and Community Interventions – AHEC	64.112

Section II – Financial Statement Findings

No current year findings (no corrective action plan or management letter required)

Section III – State Financial Assistance Findings and Questioned Costs

None (there are no items related to Federal Awards and State financial assistance required to be reported in the management letter, therefore no management letter issued)

BIG BEND AREA HEALTH EDUCATION CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2023

Section IV – Status of Prior Year Audit Finding

2022-001 Late submission of June 30, 2022 audit report – state filing

Criteria: The Organization is required to file its audit report with the Florida Auditor General within 9 months after the fiscal year end.

Condition: The Organization failed to file its report to the Florida Auditor General within the 9 month deadline in accordance with state statutes.

Cause: The Organization transitioned auditors during 2023 due to a conflict of interest.

Effect: The Organization did not meet the deadline submission requirement as set forth by State Statutes.

Recommendation: The Organization more closely monitor this important submission deadline to avoid missing the deadline.

Status: Management took corrective action to make sure the audit report is submitted to the Florida Auditor General in compliance of the submission requirements.