

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

JUNE 30, 2023

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 Audit of the Financial Statements

Opinion

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, 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 Gulfcoast South Area Health Education Center, Inc. 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 Gulfcoast South Area Health Education Center, Inc. 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 opinion.

Responsibilities of Management 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, 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 Gulfcoast South Area Health Education Center, Inc.'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.

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 Gulfcoast South Area Health Education Center, Inc.'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 Gulfcoast South Area Health Education Center, Inc.'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.

Report on Summarized Comparative Information

We have previously audited Gulfcoast South Area Health Education Center, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2022. 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.

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 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 supplementary 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 September 27, 2023, 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 & Stanell, P.A.*

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

September 27, 2023
Sarasota, Florida

GULF COAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(WITH SUMMARY TOTALS FOR 2022)

	<u>ASSETS</u>			2022 Summarized Total
	Without Donor Restrictions	2023 With Donor Restrictions	Total	
Current Assets				
Cash and cash equivalents	\$ 200,977	\$ -	\$ 200,977	\$ 211,706
Certificates of deposit	-	923,223	923,223	1,282,195
Accounts receivable	7,823	307,540	315,363	309,513
Investments	66,304	400,688	466,992	-
Prepaid expenses	10,962	-	10,962	8,823
Right-of-use asset, current	47,312	-	47,312	-
Total Current Assets	333,378	1,631,451	1,964,829	1,812,237
Property and Equipment – Net	-	-	-	1,802
Other Assets				
Certificates of deposit – long term	-	95,724	95,724	196,590
Deposits	4,655	-	4,655	4,655
Right-of-use asset, net of current portion	58,029	-	58,029	-
TOTAL ASSETS	\$ 396,062	\$ 1,727,175	\$ 2,123,237	\$ 2,015,284
	<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities				
Accounts payable	\$ 21,109	\$ -	\$ 21,109	\$ 8,751
Accrued expenses	38,566	-	38,566	46,303
Lease liability, current	47,222	-	47,222	-
Total Current Liabilities	106,897	-	106,897	55,054
Other Liabilities				
Lease liability, net of current portion	59,452	-	59,452	-
Total Other Liabilities	59,452	-	59,452	-
Net Assets	229,713	1,727,175	1,956,888	1,960,230
TOTAL LIABILITIES AND NET ASSETS	\$ 396,062	\$ 1,727,175	\$ 2,123,237	\$ 2,015,284

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, 2023
(WITH SUMMARY TOTALS FOR 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
REVENUE AND SUPPORT				
Revenue:				
Program fees	\$ 15,212	\$ -	\$ 15,212	\$ 19,155
Investment income (loss)	56,184	-	56,184	(12,270)
Other	990	-	990	523
TOTAL REVENUE	72,386	-	72,386	7,408
Support:				
Grants – University of South Florida	1,038,037	-	1,038,037	1,035,670
Contributions and other grants	16,585	-	16,585	19,118
TOTAL SUPPORT	1,054,622	-	1,054,622	1,054,788
Net assets released from restrictions	69,910	(69,910)	-	-
TOTAL SUPPORT AND REVENUE	1,196,918	(69,910)	1,127,008	1,062,196
EXPENSES				
Program services	1,107,947	-	1,107,947	1,087,214
General and administrative	22,403	-	22,403	23,550
TOTAL EXPENSES	1,130,350	-	1,130,350	1,110,764
INCREASE (DECREASE) IN NET ASSETS	66,568	(69,910)	(3,342)	(48,568)
NET ASSETS AT BEGINNING OF YEAR	163,145	1,797,085	1,960,230	2,008,798
NET ASSETS AT END OF YEAR	\$ 229,713	\$ 1,727,175	\$ 1,956,888	\$ 1,960,230

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

GULFCOAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(WITH SUMMARY TOTALS FOR 2022)

	2023					2022
	Program Services			General and	Total	Summarized
	Other AHEC	Tobacco	Total	Administrative		Total
Community training/ student recruitment	\$ 3,487	\$ -	\$ 3,487	\$ -	\$ 3,487	\$ 6,122
Training and cessation	-	128,374	128,374	-	128,374	102,772
Payroll	95,175	471,929	567,104	9,075	576,179	586,403
Benefits	17,208	90,497	107,705	-	107,705	111,104
Rent	-	70,310	70,310	1,333	71,643	63,552
Marketing	3,962	113,513	117,475	196	117,671	131,215
Supplies	6,714	17,026	23,740	723	24,463	15,645
Furniture/equipment	-	14,326	14,326	234	14,560	14,669
Professional	15,356	21,472	36,828	926	37,754	33,093
Travel/mileage	-	4,880	4,880	5,846	10,726	12,572
Insurance	-	11,738	11,738	-	11,738	12,170
Depreciation	901	-	901	901	1,802	1,803
Maintenance/repairs	-	10,122	10,122	-	10,122	7,030
Utilities	-	10,367	10,367	27	10,394	10,028
Miscellaneous	300	290	590	3,142	3,732	2,586
Total Expenses	\$ 143,103	\$ 964,844	\$ 1,107,947	\$ 22,403	\$ 1,130,350	\$ 1,110,764

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

GULF COAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
(WITH SUMMARY TOTALS FOR 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,342)	\$ (48,568)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,802	1,803
Operating lease expense	1,333	-
(Increase) decrease in:		
Accounts receivable	(5,850)	61,981
Prepaid expenses	(2,139)	(479)
Increase (decrease) in:		
Accounts payable	12,358	3,281
Accrued expenses	(7,737)	(9,817)
	(3,575)	8,201
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(466,992)	-
(Purchase) sale of certificates of deposit, net	459,838	(90,571)
	(7,154)	(90,571)
Net Decrease in Cash and Cash Equivalents	(10,729)	(82,370)
Cash and Cash Equivalents at Beginning of Year	211,706	294,076
Cash and Cash Equivalents at End of Year	\$ 200,977	\$ 211,706

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

**GULF COAST 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

GSAHEC’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.

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. Net assets with donor restrictions were \$1,727,175 as of June 30, 2023.

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

Certificates of Deposit

The Organization has certificates of deposit which are recognized at cost. Certificates of deposit with original maturities of greater than three months are reported separate from cash and cash equivalents. The Organization has \$923,223 of certificates of deposit with a maturity date of twelve months or less and \$95,724 with maturities greater than twelve months for a total of \$1,018,947 as of June 30, 2023.

Accounts Receivable

Accounts receivable are recognized at net realizable value. 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 accounts receivable has been established as of June 30, 2023.

Investments

The Organization measures its investments at fair market value in accordance with U.S. generally accepted accounting principles (GAAP). Unrealized gains and losses are included in the statements of activities, and reported as either net assets without donor restrictions or net assets with donor restrictions depending on the nature of specified restrictions, or lack thereof. Investments as of June 30, 2023 exclusively included \$466,992 of mutual funds.

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

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 2023.

The Organization follows Accounting Standards Codification (ASC) 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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 ASC 958-605 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, the difference would not be significant to the financial statements. Program fees were \$15,212 for the year ended June 30, 2023.

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. Donor restricted contributions that is restricted by donors 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.

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 GAAP have not been satisfied.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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. The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. GSAHEC uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

When available, GSAHEC measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available.

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. There have been no changes in the valuation methodologies used at June 30, 2023.

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.

Concentrations 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, 2023 was \$1,038,037 or 92% of total revenue.

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization believes that it is not exposed to any significant credit risk on cash and cash equivalents.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 GAAP. 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.

Adoption of New Accounting Standard

Effective July 1, 2022, the Organization adopted the Accounting Standards Update (ASU) 2016-02, *Leases*, (Topic 842), and all related amendments which in some instances requires lessees to recognize leases on their statement of financial position as lease liabilities with corresponding right-of-use assets. The lease liability is measured at the present value of unpaid lease payments based on the reasonably certain lease term and corresponding discount rate. For operating leases, the right-of-use asset and lease liability was \$149,403 effective July 1, 2022, upon implementation. The adoption of the new standard did not have any effect on net assets as of June 30, 2022.

NOTE 2 – PROPERTY AND EQUIPMENT

A summary of property and equipment and accumulated depreciation as of June 30, 2023 is as follows:

Office furniture and equipment	\$ 48,289
Computer equipment and software	<u>7,586</u>
	55,875
Less: accumulated depreciation	<u>(55,875)</u>
Property and equipment – net	<u>\$ -</u>

Depreciation expense for the year ended June 30, 2023 was \$1,802.

NOTE 3 – OPERATING LEASES – RIGHT-OF-USE ASSET AND LEASE LIABILITY

GSAHEC has lease commitments for office space and computer equipment under agreements classified as operating leases. The leases commenced on various dates and require monthly payments ranging from \$854 to \$3,689 and expiring from June 2025 through August 2025. The operating lease expense was \$53,126 and operating cash flows were \$51,794 for the year ended June 30, 2023. The weighted-average remaining lease term was 2.14 and the weighted-average discount rate was 7.22%. The right-of-use asset was \$105,341 and the lease liability was \$106,674 as of June 30, 2023.

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

NOTE 3 – OPERATING LEASES – RIGHT-OF-USE ASSET AND LEASE LIABILITY – CONTINUED

Future minimum lease payments under the lease are as follows:

2024	\$	53,036
2025		54,314
2026		7,379
Total undiscounted cash flows		114,729
Less present value discount		(8,055)
Total lease liabilities		106,674
Less current portion of lease liability		(47,222)
Lease liability, net of current portion		\$ 59,452

NOTE 4 – GRANTS

On July 1, 2020, 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.
- 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.

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

NOTE 4 – GRANTS – CONTINUED

The grant is in the amount of \$985,850 payable quarterly based on actual costs. Revenue earned under this contract for the year ended June 30, 2023 was \$930,959 with \$293,783 in receivables at year end. The sub-agreement number is 6101-1045-06-A. The contract has a 30-day termination clause with or without cause.

On September 1, 2020, 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 \$108,187 payable quarterly based on actual costs. Revenue earned for the year ended June 30, 2023 was \$107,078 with \$13,757 in receivables at year end. The sub-agreement number is 6157-1005-00-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, 2023, liabilities for accumulated paid time off amounted to \$16,734.

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 eligible, full-time 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 of 7% of the employee's compensation. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. Plan contributions were \$34,694 for the year ended June 30, 2023.

NOTE 7 – FAIR VALUE MEASUREMENT

The Organization measured the fair value of the following assets using the fair value hierarchy inputs (see Note 1 for definitions) at June 30, 2023:

	Fair Value Measurement			TOTAL
	Level 1	Level 2	Level 3	
Assets:				
Mutual funds	\$ 466,992	\$ -	\$ -	\$ 466,992
Total	\$ 466,992	\$ -	\$ -	\$ 466,992

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

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following programs or uses at June 30, 2023:

AHEC Programs	\$	1,560,361
Tobacco Programs		166,814
		1,727,175
		1,727,175

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FUNDS

The following table reflects GSAHEC’s financial assets as of June 30, 2023, 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, 2023:	
Cash and cash equivalents	\$ 200,977
Certificates of deposit	1,018,947
Investments	466,992
Accounts receivable	315,363
	\$ 2,002,279
Less those unavailable for general expenditure within one year due to donor restrictions or board designations:	
Certificates of deposit with donor restrictions	(1,018,947)
Investments with donor restrictions	(400,688)
Accounts receivable with donor restrictions	(307,540)
	\$ 275,104

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 – SUBSEQUENT EVENTS

GSAHEC has evaluated subsequent events through September 27, 2023, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

GULF COAST SOUTH AREA HEALTH EDUCATION CENTER, INC.
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2023

State Agency/Pass-Through Grantor State Project	CSFA Number	Identifying Number	Expenditures
<u>Florida Department of Health</u>			
Pass-through the University of South Florida:			
AHEC Tobacco State & Community Interventions	N/A	6101-1045-06-A	\$ 391,003
AHEC Tobacco Cessation	N/A	6101-1045-06-A	<u>539,956</u>
Total State Financial Assistance			<u><u>\$ 930,959</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, 2023. 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 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 the ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2023.

Report on 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gulfcoast South Area Health Education Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Gulfcoast South Area Health Education Center, Inc.'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 or significant deficiencies may exist that were not identified.

Report on 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 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.

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

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

September 27, 2023
Sarasota, Florida

INDEPENDENT AUDITOR'S 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

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

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Gulfcoast South Area Health Education Center, Inc.'s 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 Gulfcoast South Area Health Education Center, Inc.'s major state projects for the year ended June 30, 2023. 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.

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, 2023.

Basis for Opinion on Each Major State 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. Our responsibilities under those standards and Chapter 10.650, Rules of the Auditor General are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Gulfcoast South Area Health Education Center, Inc. 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 project. Our audit does not provide a legal determination of Gulfcoast South Area Health Education Center, Inc.'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 Gulfcoast South Area Health Education Center, Inc.'s state 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 Gulfcoast South Area Health Education Center, Inc.'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, Rules of the Auditor General 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 Gulfcoast South Area Health Education Center, Inc.'s compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650, Rules of the Auditor General, 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 Gulfcoast South Area Health Education Center, Inc.'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 Gulfcoast South Area Health Education Center, Inc.'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 the Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of Gulfcoast South Area Health Education Center, Inc.'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 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 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 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.

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, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

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

September 27, 2023
Sarasota, Florida

**GULFCOAST 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

AHEC Tobacco Cessation Contract 6101-1045-06-A **CSFA Number**
N/A

AHEC Tobacco State and Community Intervention Contract 6101-1045-06-A N/A

Dollar threshold used to distinguish between type A and type B 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 25. No Summary Schedule of Prior Audit Findings is required because there were no prior 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, 2023, and have issued our report thereon dated September 27, 2023.

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 September 27, 2023, 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 warrants the attention of those charged with governance. In connection with our audit, we did not note 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 & Stanell, P.A.*

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

September 27, 2023
Sarasota, Florida

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