

**SOUTHWEST GEORGIA AREA HEALTH
EDUCATION CENTER, INC.**

REPORT ON AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDING AUGUST 31, 2023 and 2022

SOUTHWEST GEORGIA AREA HEALTH EDUCATION CENTER, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southwest Georgia Area Health Education Center, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Southwest Georgia Area Health Education Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Georgia Area Health Education Center, Inc. as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Southwest Georgia Area Health Education Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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 Southwest Georgia 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 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, 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.

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- 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 Southwest Georgia 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 Southwest Georgia 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023, on our consideration of Southwest Georgia 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 Southwest Georgia Area Health Education Center, Inc.'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 Southwest Georgia Area Health Education Center, Inc.'s internal control over financial reporting and compliance.

Clenny + Luke

Albany, Georgia
December 13, 2023

SOUTHWEST GEORGIA AREA HEALTH EDUCATION CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 239,222	\$ 285,866
Short-term Investments	281,554	230,633
Grants and Contracts Receivable	361,286	130,535
Products Inventory	2,556	2,556
Prepaid Expenses	5,126	5,126
Investments	<u>944,726</u>	<u>894,128</u>
TOTAL CURRENT ASSETS	1,834,470	1,656,582
PROPERTY, PLANT AND EQUIPMENT (net of depreciation)	<u>194,998</u>	<u>204,940</u>
TOTAL ASSETS	<u>\$ 2,029,468</u>	<u>\$ 1,753,396</u>

LIABILITIES AND NET ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 311,125	\$ 24,357
NET ASSETS		
Without Donor Restrictions	<u>1,718,343</u>	<u>1,729,245</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,029,468</u>	<u>\$ 1,753,396</u>

See accompanying notes to financial statements

SOUTHWEST GEORGIA AREA HEALTH EDUCATION CENTER, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NET ASSETS WITHOUT DONOR RESTRICTIONS

	2023	2022
REVENUES, GAINS AND OTHER SUPPORT		
Contracts and Grants	\$ 1,614,390	\$ 833,677
Donated Property and Services-Student Housing	205,920	219,051
Contributions	33,780	12,015
Workshops	12,311	5,250
Investment Return	52,482	(123,582)
Product Sales	9,227	12,937
Other	5,150	6,164
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,933,260	965,512
 EXPENSES		
Program Services		
Health Careers Recruitment	133,204	117,183
Migrant Project	133,205	121,302
Educational Programs	1,000,574	280,959
Student Support Services/Clinical Training	541,717	503,385
Total Program Services	1,808,700	1,022,829
Supporting Services		
Management and General	135,465	133,485
Total Expenses	1,944,165	1,156,314
CHANGE IN NET ASSETS	(10,905)	(190,802)
NET ASSETS - BEGINNING OF YEAR	1,729,245	1,920,047
NET ASSETS-END OF YEAR	\$ 1,718,340	\$ 1,729,245

See accompanying notes to financial statements

SOUTHWEST GEORGIA AREA HEALTH EDUCATION CENTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	Program Services					Management & General	2023	2022
	Health Careers Recruitment	Migrant Project	Educational Programs	Student Support Services/Clinical Training	Total		Totals	Totals
Salaries	\$ 80,143	\$ 47,323	\$ 80,907	\$ 108,384	\$ 316,757	\$ 64,878	381,635	\$ 359,802
Payroll Taxes	5,756	3,399	5,810	7,784	22,749	4,659	27,408	26,402
SEP	14,350	8,474	14,487	19,407	56,719	11,617	68,336	58,958
Health Insurance	8,768	4,422	7,560	10,128	30,878	6,058	36,936	35,102
Long-Term Disability	576	576	576	576	2,304	2,301	4,605	4,605
Student Travel	-	-	-	2,500	2,500	-	2,500	3,258
Student Lodging	-	-	-	368,258	368,258	-	368,258	348,296
Supplies	3,244	3,244	3,244	3,244	12,975	3,244	16,219	7,305
Travel, Conferences	3,765	1,256	5,372	4,834	15,227	2,687	17,914	6,933
Staff Development	1,896	1,896	1,896	1,896	7,583	1,257	8,840	10,431
Web Design	73	73	73	73	291	47	340	402
Contract Labor	527	527	527	527	2,106	-	2,106	-
Health Careers Manual Occupancy	-	-	-	-	-	-	-	-
	8,144	8,144	8,144	8,144	32,578	8,144	40,722	29,687
Educational Programs	-	-	866,016	-	866,016	-	866,016	163,410
Professional Fees	-	-	-	-	-	9,405	9,405	25,350
Migrant Insurance	-	47,911	-	-	47,911	-	47,911	47,506
	993	993	993	993	3,974	2,503	6,475	4,634
Postage	144	144	144	144	576	144	720	2,035
Equipment Lease	1,250	1,250	1,250	1,250	5,001	1,250	6,251	5,712
Depreciation	1,790	1,790	1,790	1,790	7,160	15,911	23,071	15,956
Marketing	1,784	1,784	1,784	1,784	7,137	1,360	8,497	530
Totals	\$ 133,204	\$ 133,205	\$ 1,000,574	\$ 541,717	\$ 1,808,700	\$ 135,465	\$ 1,944,165	\$ 1,156,314

SOUTHWEST GEORGIA AREA HEALTH EDUCATION CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
OPERATING ACTIVITIES		
Change In Net Assets	\$ (10,902)	\$ (190,802)
Adjustments to reconcile net income to net cash provided by operating activities		
Unrealized Gains(Losses) om Investment Account	(23,125)	145,782
Depreciation and Amortization	23,071	15,956
Decrease (increase) in grants receivable	(230,751)	(13,648)
Decrease (increase) in prepaid expenses	-	-
Increase (decrease) in accounts payable	286,768	7,107
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	45,061	(35,605)
INVESTING ACTIVITIES		
Purchases of Short Term Investments	(50,000)	-
Dividends Received on Investements	(26,922)	(22,346)
Interest Received on Investments	(245)	(8)
Realized Gains on Investments	(9,373)	(5,867)
Advisory Fees on Investments	8,064	8,713
Purchases of Building Improvements	(13,129)	(140,536)
Redemption of Short-Term Investments	-	109,683
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(91,605)	(50,361)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(46,544)	(85,966)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	285,866	371,832
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 239,322	\$ 285,866
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during year for interest	-	-
Cash paid during year for income taxes	-	-

See accompanying notes to financial statements

SOUTHWEST GEORGIA AREA HEALTH EDUCATION CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Southwest Georgia Area Health Education Center, Inc. is a nonprofit organization established to improve the number and distribution of health professionals in Southwest Georgia, evaluate health needs and develop programs to address those needs, and to provide education programs for established health professionals and for individuals seeking entry to the health field.

Financial Statement Presentation

The organization follows the guidance of the FASB Accounting Standards Codification, which is the source of authoritative accounting principles for nongovernmental entities that prepare financial statements in accordance with generally accepted accounting principles in the United States of America. All standards applicable to the organization have been properly adopted and applied in the preparation of the financial statements.

The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

The expenses of the Organization have been reported on a functional basis. This required the allocation of certain expenses among the various programs and supporting services based on estimates made by management.

Capitalization and Depreciation Policy

Property, plant and equipment purchased at a cost of \$1,000 or more are capitalized at cost and depreciated over their estimated useful lives in accordance with the straight-line method. Donated fixed assets meeting the capitalization threshold of \$1,000 are recorded at their fair market value at the date of gift and are depreciated over their estimated useful lives in accordance with the straight-line method.

Depreciation is computed at rates based on the following estimated useful lives:

Buildings and Improvements	20-30 Years
Furniture, Equipment & Vehicles	5-7 Years

Repairs, maintenance and minor renewals are expensed in the period incurred. Expenditures for major renewals and betterments normally are capitalized.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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.

**SOUTHWEST GEORGIA AREA HEALTH EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Taxes

The Organization has been approved by the Internal Revenue Service to be exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the financial statements. The Organization files annual information returns with the IRS, who has concluded that the Organization is not a private foundation. The organization has no unrelated business taxable income and thus has no uncertain tax positions that are material to the financial statements.

Cash Equivalents

The Organization considers all highly liquid investments, except for those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.

NOTE 2 – LAND, BUILDING AND EQUIPMENT

As of August 31, 2023 and 2022, the costs and related accumulated depreciation of land, buildings and equipment consisted of the following:

	<u>2023</u>	<u>2022</u>
Land and Building	\$ 134,162	\$134,162
Improvements	179,776	179,776
Vehicles	32,500	32,500
Furniture and Equipment	<u>136,785</u>	<u>123,656</u>
	329,557	470,093
Less Accumulated Depreciation	<u>(249,198)</u>	<u>(265,154)</u>
Net Book Value	\$ <u>80,359</u>	\$ <u>204,940</u>

Depreciation expense for the years ending August 31, 2023 and 2022 was \$23,071 and \$15,956, respectively.

NOTE 3 – CONTRIBUTED SERVICES

During the years ending August 31, 2023 and 2022, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. Many individuals volunteer their time and perform a variety of tasks that assist the Organization in carrying out its stated mission.

NOTE 4 – COMPENSATED ABSENCES

The financial statements do not reflect any provision for accrued compensated absences because the amount cannot be reasonably estimated at August 31, 2023 and 2022.

SOUTHWEST GEORGIA AREA HEALTH EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – DONATED PROPERTY AND SERVICES FOR STUDENT HOUSING

The Organization manages community-based rotations for students in the primary care and health professions programs. In order to assist in their training, the Organization has enlisted local hospitals and health organizations in donating housing for the students participating in these clinical rotations. For the years ended August 31, 2023 and 2022, a total of 13 houses and apartments were provided for Student Housing. The Organization estimates the donated value of Student Housing property and services for the years ending August 31, 2023 and 2022, to be \$205,920 and \$187,200, respectively.

NOTE 6 – INVESTMENTS

Investment securities are carried at fair value based on quoted prices in active markets (all Level 1 measurements) and consist of the following at August 31, 2023 and 2022, respectively:

	<u>2023</u>	<u>2022</u>
Cash in Investment Account	\$ 28,374	\$ 19,249
Equity Securities	<u>916,351</u>	<u>874,879</u>
Total	\$ <u>944,725</u>	\$ <u>894,128</u>

The following schedule summarizes the investment return in the statement of activities:

	<u>2023</u>	<u>2022</u>
Interest and Dividend Income	\$ 27,167	\$ 22,354
Net Realized and Unrealized Gains/(Losses)	31,495	(139,915)
External and Direct Internal Expenses	<u>(8,064)</u>	<u>(8,713)</u>
Total	\$ <u>50,598</u>	\$ <u>(126,274)</u>

Investment revenues are reported net of related external and direct internal investment expenses in the statement of activities. The amount of expenses netted with revenues was \$8,064 and \$8,713 for the years ending August 31, 2023 and 2022, respectively.

NOTE 7 – DEFINED CONTRIBUTION PLAN

The organization has a defined SEP contribution plan covering all employees that have performed services for the organization during at least three of the immediately preceding five Plan years and who are at least 21 years of age. The employer contribution is discretionary. Contributions by the employer (when made) are provided on behalf of each eligible participant in the same proportion as such participant's compensation bears to all participant's compensation for such year. In no event shall the employer contributions exceed the lesser of 25% of each participant's compensation or \$40,000. Contributions to the SEP plant totaled \$68,336 and \$58,958 for the fiscal years ending August 31, 2023 and 2022, respectively.

SOUTHWEST GEORGIA AREA HEALTH EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The organization has \$1,826,788 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures. The total amount consists of cash and certificates of deposits in the amount of \$520,776 and grants receivable in the amount of \$361,286. The organization also has an investment account valued at \$944,725 which can readily be converted to cash if needed.

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 13, 2023, the date which the financial statements were available to be issued.



CLENNEY + LUKE, PC

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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
Southwest Georgia Area Health Education Center, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southwest Georgia Area Health Education Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 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 December 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southwest Georgia Area Health Education Center, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwest Georgia Area Health Education Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Southwest Georgia 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 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 Southwest Georgia Area Health Education Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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

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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.

Clenney + Luke

Albany, Georgia
December 13, 2023