BAYOU NORTH AREA HEALTH EDUCATION CENTER

FINANCIAL STATEMENTS

JUNE 30, 2019

TMCE, LLP

Certified Public Accountants and Consultants

BAYOU NORTH AREA HEALTH EDUCATION CENTER
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TMCE LLP

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Bayou North Area Health Education Center
Bossier City, Louisiana

We have reviewed the accompanying financial statements of Bayou North Area Health Education Center (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included on page 11 is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

TMCE, LLP

TMCE, LLP
Shreveport, Louisiana
November 27, 2019

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BAYOU NORTH AREA HEALTH EDUCATION CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

Assets		
Cash and cash eqiuvalents	$	5,505
Accounts receivable		44,304
Total Assets	$	49,809
Liabilities and Net Assets		
Liabilities		
Accounts payable	$	19,775
Accrued expenses and other liabilities		25,036
Total Liabilities		44,811
Net Assets		
Without restrictions		4,998
Total Net Assets		4,998
Total Liabilities and Net Assets	$	49,809

BAYOU NORTH AREA HEALTH EDUCATION CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Support and revenues		
Grant revenue - state	$	250,000
Grant revenue - federal		99,037
Non-cash contribution		21,600
Grant revenue - additional supplemental federal		13,181
Other income		586
Total support and revenue		384,404
Expenses		
Program services		
Medical training and recruitment		233,220
Schools of medicine		85,686
Support Services		
Management and general		56,340
Total Expenses		375,246
Change in net assets		9,158
Net assets at beginning of year		(4,160)
Net assets at end of year	$	4,998

BAYOU NORTH AREA HEALTH EDUCATION CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Support Services	Program Services		
	Management and General	Medical Training and Recruitment	Schools of Medicine	Total
Salary and benefits	$ 17,866	$ 117,605	$ 43,190	$ 178,661
Use of non-cash contribution	2,160	14,191	5,249	21,600
Travel	-	9,972	3,662	13,634
Administrative	9,457	-	-	9,457
Professional fees	9,250	-	-	9,250
Telecommuniciations	6,025	-	-	6,025
Supplies	5,111	-	-	5,111
Postage and delivery	3,008	-	-	3,008
Insurance	1,629	-	-	1,629
Printing and duplication	1,579	-	-	1,579
Repairs and maintenance	255	-	-	255
Other expenses	-	91,452	33,585	125,037
Total functional expenses	$ 56,340	$ 233,220	$ 85,686	$ 375,246

BAYOU NORTH AREA HEALTH EDUCATION CENTER
STATEMENT OF CASH FLOWS
JUNE 30, 2019

Cash flows from operating activities		
Change in net assets	$	9,158
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in:		
Accounts receivable		2,879
Increase (decrease) in:		
Accounts payable		(10,214)
Accrued expenses and other liabilities		3,669
Net cash provided by operating activities		5,492
Net increase in cash and cash equivalents		5,492
Cash and cash equivalents at beginning of year		13
Cash and cash equivalents at end of year	$	5,505

NOTE 1 – NATURE OF BUSINESS

Bayou North Area Health Education Center ("Organization"), a nonprofit organization, began operations in 2017 and is governed by a board of directors with programs administered by a professional staff. The Organization's goal is to connect students to careers, health professionals to communities and communities to better health. The Organization is dependent on state and federal grant funds to operate their programs.

The Organization administers various educational and training programs:

a) The Rural Primary Care Preceptorship Program – exposes approximately 20 first-year medical students in the state to the professional, business, and social aspects of primary care practice in rural and/or medically underserved areas throughout 21 parishes in North Louisiana.

b) Health Career Awareness – provides information on the benefits of pursuing a career in healthcare to approximately 2,500 high school students, teachers, counselors and administrators, and parents in 40 schools through classroom presentation, health career enticement programs and career fairs in 21 parishes in North Louisiana.

c) Day with the Doctors Programs – provides an opportunity for approximately 120 high school students to travel to LSU Health Sciences Center in Shreveport to tour the facility and interact with medical students, residents and staff to learn about medical school and to participate in hands-on learning such as suturing, SIM lab, blood pressure, pulse, etc.

d) AHEC of a Summer Health Career Exploration Program – provides job shadowing experience, classroom education, CPR certification and career options in health care for approximately 225 high school students at 22 community hospitals, federally qualified health centers, and rural health clinics throughout North Louisiana.

e) M.A.S.H. (Medical Applications of Science in Health) – provides 15 high school students a 3-hour college credit enrichment course in preparation for pursuing majors in health careers.

f) Rural Scholars Program –provides insight and assistance with medical school application process, clinical skills building and mentoring to approximately 10 pre-med college students from rural communities.

g) Continuing education programs – provides approximately 6 courses for practicing healthcare professionals which are organized through partnerships with professional organizations and institutions of higher learning.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions
Contributions received are recorded as increases in net assets without donor restrictions or increases in net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. There were no donor-imposed restrictions on contributions in 2019.

Cash and Cash Equivalents
The Organization's policy is to report all highly-liquid investments with a maturity of three months or less to be cash equivalents.

Compensated Absences
The Organization's policy allows full-time employees to accrue up to a maximum of 160 hours, of which 96 hours can be carried over into the next fiscal year. An amount has been recorded in the financial statements for this liability.

Income Taxes
The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, but must file an annual return with the Internal Revenue Service that contains information on its financial operations. Therefore, the Organization files U.S. federal Form 990 for informational purposes. The Organization is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax-exempt entity. The Organization does not expect its tax position to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Organization's accounting records.

Economic Dependence
The Organization receives substantially all of the support necessary to operate its core programs through grants administered by Louisiana State University Health Sciences Center – Shreveport. The grant amounts are appropriated each year by the Federal government and the State of Louisiana. Management is not aware of any actions that would adversely affect the aggregate amount of funds the Organization will receive in the next fiscal year.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets, and the reported amounts of revenue and expenses. Actual results could vary from the estimates that were used.

Allocation of Expenses
The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Expense by function have been allocated between programs and supporting services classifications on the basis of time records and on estimates made by the Organization's management.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Date of Management Review

Subsequent events have been evaluated through November 27, 2019 which is the financial statement issuance date.

New Accounting Pronouncement

During the year ended June 30, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14).* The Update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is a change in the net asset classes used in the financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with restrictions. A footnote on liquidity and availability of financial assets has also been added to the financial statements (Note 6).

NOTE 3 – CONTRIBUTED USE OF LONG-LIVED ASSET

The Organization operates from an office space they do no own, free of rent. The estimated fair value of this contribution is reported as non-cash contribution revenue in the amount of $21,600 for the year ended June 30, 2019. The use of this non-cash contribution is reported under supporting services.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable due to the Organization as of June 30, 2019, are as follows:

State Grants	$	20,833
Federal Grants		22,971
Other		500
Total Accounts Receivable	$	44,304

NOTE 5 – OTHER EMPLOYEE EXPENSES

The Organization does not currently have a formal retirement plan set up but they have set up an Individual Retirement Account (IRA) for each employee. A contribution equal to 10% of salary contributed to an IRA for each employee. The total contribution for the year ended June 30, 2019, was $13,500.

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as June 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year. Amounts available does not include donor restricted amounts that are available for general expenditure in the following year as there are no net assets with restrictions.

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

Financial assets, at year-end:		
Cash and cash equivalents	$	5,505
Accounts receivable		44,304
Financial assets available to meet cash needs for general expenditures within one year	$	49,809

SUPPLEMENTARY INFORMATION

BAYOU NORTH AREA HEALTH EDUCATION CENTER
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2019

Agency Head: Ashley Morgan, Executive Director

Salary	$	55,000
Benefits-retirement	$	5,500
Benefits-PTO	$	2,769
Travel	$	1,493

OTHER REPORT

To the Board of Directors
Bayou North Area Health Education Center
Bossier City, Louisiana

Independent Accountants' Report
on Applying Agreed-Upon Procedures

We have performed the procedures enumerated below, which were agreed to by the management of Bayou North Area Health Education Center and the Louisiana Legislative Auditor (the specified parties), on the Organization's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2019, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide. The Organization's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Federal, State, and Local Awards

1) Obtain the list of federal, state, and local government grant award expenditures for the fiscal year, by grant and grant year, from the Organization's management.

    Bayou North Area Health Education Center provided us with the following list of expenditures made for federal grant awards received during the fiscal year ended June 30, 2019:

Federal, State, or Local Grant Name	Grant Year	Amount
State of Louisiana	2018	250,000
US Department of Health & Human Services / HRSA	2018	112,218
Total expenditures		362,218

2) For each federal, state, and local grant award, randomly select six disbursements from each grant administered during the fiscal year, provided that no more than 30 disbursements are selected.

3) Obtain documentation for the disbursements selected in Procedure 2. Compare the selected disbursements to supporting documentation, and report whether the disbursements agree to the amount and payee in the supporting documentation.

    We examined supporting documentation for each selected disbursement and found that payment was for the proper amount and made to the correct payee.

4) Report whether the selected disbursements were coded to the correct fund and general ledger account.

   All of the disbursements except one were coded to the correct fund and general ledger account. This disbursement (disbursement ID: 8000909010197395 feb), should have been coded to postage and delivery expenses, but was coded to telecommunications.

5) Report whether the selected disbursements were approved in accordance with the Organization's policies and procedures.

   The Organization's policies and procedures state that the executive director must approve all disbursements. Documentation supporting each of the selected disbursements included the signature of the executive director.

6) For each selected disbursement made for a federal grant awards, obtain the Compliance Supplement for the applicable federal program. For each disbursement made for a state or local grant award, or for a federal program not included in the Compliance Supplement, obtain the grant agreement. Compare the documentation for each disbursement to the program compliance requirements or the requirements of the grant agreement relating to activities allowed or unallowed, eligibility, and reporting; and report whether the disbursements comply with these requirements.

   Activities allowed or unallowed
   We compared documentation for each of the selected disbursements with program compliance requirements related to services allowed or not allowed. No exceptions were noted.

   Eligibility
   We compared documentation for each of the selected disbursements with program compliance requirements related to eligibility. No exceptions were noted.

   Reporting
   We compared documentation for each of the selected disbursements with program compliance requirements related to reporting. No exceptions were noted.

7) Obtain the close-out reports, if required, for any program selected in Procedure 2 that was closed out during the fiscal year. Compare the close-out reports, if applicable, with the Organization's financial records; and report whether the amounts in the close-out reports agree with the Organization's financial records.

   The selected disbursements included two federal grant awards and one state grant award that were closed out during the fiscal year. We compared the close-out reports for these grant awards with the Organization's financial records. The amounts reported on the close-out reports agreed with the Organization's financial records.

Open Meetings

8) Obtain evidence from management that agendas for meetings recorded in the minute book were posted as required by Louisiana Revised Statute 42:11 through 42:28 (the open meetings law), and report whether there are any exceptions.

   N/A.

Budget

9) For each grant exceeding five thousand dollars, obtain the comprehensive grant budgets that the Organization provided to the applicable federal, state or local grantor Organization. Report whether the budgets for federal, state and local grants included the purpose and duration of the grants; and whether budgets for state grants also included specific goals, objectives, and measures of performance.

   The Organization provided documentation that comprehensive budgets were submitted to the applicable federal and state grantor Organization for the grants exceeding five thousand dollars. These budgets included the purpose and duration of the grant program.

State Audit Law

10) Report whether the Organization provided for a timely report in accordance with R.S. 24:513.

    N/A.

11) Inquire of management and report whether the Organization entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the Organization was not in compliance with R.S. 24:513 (the audit law).

    N/A.

Prior-Year Comments

12) Obtain and report management's representation as to whether any prior year suggestions, exceptions, recommendations, and/or comments have been resolved.

    N/A.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in Government Auditing Standards, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Organization's compliance with the foregoing matters. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the Organization's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

TMCE, LLP

TMCE, LLP
Shreveport, Louisiana
November 27, 2019

1) **Summary of Review Results**

   a) The accountant's review report noted no material modifications to the financial statements of Bayou North Area Health Education Center.

   b) No instances of noncompliance were disclosed during the review engagement and one instance of noncompliance was disclosed during the attestation engagement.

   c) Bayou North Area Health Education Center is not subject to a Federal Single audit for 2019.

2) **Findings – Financial Statement Review**

   None.