

**BAYOU NORTH AREA HEALTH EDUCATION CENTER**

**BOSSIER CITY, LOUISIANA**

**JUNE 30, 2018**

BAYOU NORTH AREA HEALTH EDUCATION CENTER

BOSSIER CITY, LOUISIANA

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**REVIEWED FINANCIAL STATEMENTS**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525  
SHREVEPORT, LOUISIANA 71101  
318-429-1525 PHONE • 318-429-2070 FAX

October 23, 2018

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

## **Independent Accountant's Review Report**

We have reviewed the accompanying financial statements of the Bayou North Area Health Education Center which comprise the statement of financial position as of June 30, 2018, the related statement of activities, statement of cash flows, and notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's 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 the 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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services Committee promulgated by 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.

### **Accountant's 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.

**HMV**

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### **Supplementary Information**

The supplementary information included in the Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

BAYOU NORTH AREA HEALTH EDUCATION CENTER

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

<u>A S S E T S</u>	<u>2018</u>
<b><u>Current assets:</u></b>	
Petty cash	13
Accounts receivable	<u>47,183</u>
Total current assets	47,196
 Total assets	 <u><u>47,196</u></u>
 <b><u>LIABILITES AND NET ASSETS</u></b>	
<b><u>Current liabilities:</u></b>	
Bank overdraft	2,139
Accounts payable	29,989
Accrued expenses and other liabilities	<u>19,228</u>
Total current liabilities	51,356
 <b><u>Net deficit:</u></b>	
Unrestricted	<u>(4,160)</u>
Total net deficit	<u>(4,160)</u>
 Total liabilities and net deficit	 <u><u>47,196</u></u>

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

BAYOU NORTH AREA HEALTH EDUCATION CENTER

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>
<b><u>Support and revenues:</u></b>	
Grant revenue - S	250,000
Grant revenue - F	44,019
Non-cash contribution	<u>21,600</u>
Total support and revenues	315,619
<b><u>Expenses:</u></b>	
Program services:	
Schools of medicine	10,976
Medical training and recruitment	<u>83,539</u>
Total program services	94,515
Supporting services:	
Salary and benefits	159,252
Contract labor	10,706
Travel	8,431
Administrative	3,556
Postage and delivery	1,939
Printing and duplication	3,298
Professional fees	2,945
Supplies	5,274
Insurance	3,225
Telecommunication	5,301
Repairs and maintenance	697
Use of non-cash contribution	<u>21,600</u>
Total supporting services	<u>226,224</u>
Total expenses	<u>320,739</u>
<b><u>Change in net assets</u></b>	<u>(5,120)</u>
<b><u>Net assets-beginning of year</u></b>	960
<b><u>Net (deficit)-end of year</u></b>	<u>(4,160)</u>

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

BAYOU NORTH AREA HEALTH EDUCATION CENTER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>
<b><u>Cash flows from operating activities:</u></b>	
Change in net assets	(5,120)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:	
(Increase) in accounts receivable	(47,183)
Increase in accounts payable	29,949
Increase in accrued expenses and other liabilities	19,228
Increase in bank overdrafts	<u>2,139</u>
Net cash (used) by operating activities	<u>(987)</u>
<b><u>Net decrease in cash</u></b>	(987)
<b><u>Cash at beginning of year</u></b>	<u>1,000</u>
<b><u>Cash at end of year</u></b>	<u><u>13</u></u>

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



BAYOU NORTH AREA HEALTH EDUCATION CENTER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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 the 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.

2. Summary of Significant Accounting Policies

- a) **Basis of Presentation** - The financial statements of the Organization are prepared on the accrual basis. The Organization is required to report information regarding its financial position and activities according to three classes of net assets:

*Unrestricted Net Assets* - Net assets that are not subject to donor-imposed stipulations.

## 2. Summary of Significant Accounting Policies (Continued)

*Temporarily Restricted Net Assets* - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization, and/or by the passage of time.

*Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. As of June 30, 2018, there were no temporarily restricted or permanently restricted net assets.

- b) *Use of Estimates*** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 differ from those estimates. Estimates that are particularly susceptible to change in the near term relate to the accrual of compensated absences and contributed use of long-lived assets.
- c) *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.
- d) *Advertising Costs*** - Costs of advertising are expensed as incurred.
- e) *Income Taxes*** - As a nonprofit, the Organization is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code, but must file an annual information return with the Internal Revenue Service that contains information on its financial operations. 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. The federal information returns for the tax years 2017 and beyond remain subject to examination by the Internal Revenue Service.
- f) *Cash and Cash Equivalents*** - The Organization maintains deposits at a financial institution that are fully secured by FDIC deposit insurance. As of June 30, 2018, there was a positive bank account balance but a negative book balance. As such, the book balance is reported as a bank overdraft and included as a current liability.
- g) *Compensated Absences*** - The Organization accrues compensated absences up to a maximum of 160 hours, of which only 96 hours can be carried over into the next fiscal year. An amount has been recorded in the financial statements for this liability.

**3. Contributed Use of Long-lived Asset**

The Organization operates from an office space they do not 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, 2018. The use of this non-cash contribution is reported under supporting services.

**4. Accounts Receivable**

Accounts receivable due the Organization as of June 30, 2018 are as follows:

State grants	\$20,833
Federal grants	<u>\$26,350</u>
Total accounts receivable	<u>\$47,183</u>

Receivables of state and federal grants are funds due the Organization under various grant agreements which are unpaid as of the end of the fiscal year. Receivables are considered entirely collectible; therefore, no allowance for doubtful accounts has been established.

**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, 2018 was \$10,000.

**6. Accounting Guidance Not Yet Adopted**

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers,” which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. On April 1, 2015, the FASB proposed to defer the effective date by one year until January 1, 2018, but would allow early adoption as of the original January 1, 2017, effective date. The standard permits the use of either the retrospective or cumulative effect transition method. This standard will likely not have a material impact on the financial statements and related disclosures; however, the Organization is currently evaluating the effect, if any, that ASU 2014-09 may have.

In February 2016, the FASB issued ASU No. 2016-02, “Leases” (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- Lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term.

Additional qualitative and quantitative disclosures will be required so that users can understand more about the nature of an entity’s leasing activities. Also, the new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing.

## 6. Accounting Guidance Not Yet Adopted (Continued)

ASU 2016-02 will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. This standard will likely not have a material effect on the financial statements; however, the Organization is currently evaluating the potential impact of adopting this guidance.

In August 2016, the FASB issued ASU No. 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*," with the stated purpose of improving financial reporting by those entities. Among other provisions, this ASU reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and requires additional disclosures concerning liquidity and the availability of financial resources. This standard is effective for fiscal years beginning after December 15, 2017, and requires the use of the retrospective transition method. However, an entity has the option to omit the presentation by both the natural and functional classification, as well as the disclosure about liquidity and availability of financial resources, for any comparative periods originally presented before the period of adoption. The Organization is currently in the process of implementing these changes.

## 7. Subsequent Events

The Organization is required to evaluate events or transactions that may occur after the balance sheet date for potential recognition or disclosure in the consolidated financial statements. Such an evaluation was performed through October 23, 2018, the date which the consolidated financial statements were available to be issued, and noted no such subsequent events.

**SUPPLEMENTARY INFORMATION**

BAYOU NORTH AREA HEALTH EDUCATION CENTER

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED JUNE 30, 2018

Agency Head: Ashley Morgan

Salary	55,000
Benefits - insurance	4,187
Benefits - retirement	5,500
Benefits - PTO	3,390
Cell phone	550
Travel	4,021

**OTHER REPORTS**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525  
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318-429-1525 PHONE • 318-429-2070 FAX

October 23, 2018

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

## **Independent Accountant's 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 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, 2018, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. Management of Bayou North Area Health Education Center 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 list of expenditures made for grant awards received during the fiscal year ended June 30, 2018:

Award	Grant Year	Amount
State of Louisiana	2017	250,000
US Department of Health & Human Services / HRSA	2017	<u>44,019</u>
Total expenditures		<u>294,019</u>

2. For each of the above awards, randomly select six disbursements from each grant administered during the fiscal year, provided 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 of the selected disbursements 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 payments were properly coded to the correct fund and general ledger account.

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

All items were properly approved.

6. For each selected disbursement made for a state or local grant award, 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 reviewed the previously listed disbursements for types of services allowed or not allowed.

*Eligibility*

We reviewed the previously listed disbursements for eligibility requirements.

*Reporting*

We reviewed the previously listed disbursements for reporting requirements.

No exceptions were noted for any of the above tests.

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 Agency's financial records.

N/A

***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 agency provided to the applicable federal, state or local grantor agency. 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 has submitted a budget to the federal and state grantor agencies. We reviewed reports submitted by the Organization regarding expenditure of funds.

***Prior Comments and Recommendations***

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 engagement contained in Government Auditing Standards, issued by the United States Comptroller General. We were not engaged to, and did not, perform 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 Legislative Auditor as a public document.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

BAYOU NORTH AREA HEALTH EDUCATION CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2018

I. Summary of Review Results

1. The accountant's review report noted no material modifications to the financial statements of Bayou North Area Health Education Center.
2. No instances of noncompliance were disclosed during the review or attestation engagement.
3. Bayou North Area Health Education Center is not subject to a Federal Single audit for 2018.

II. Findings – Financial Statement Review

None