

**SOUTHERN ALABAMA AHEC**

**FINANCIAL REPORT**

**For the Fiscal Year Ended August 31, 2017**



**Powell & Jones**  
Certified Public Accountants

**SOUTHERN ALABAMA AHEC**

**FINANCIAL REPORT**

For the Fiscal Year Ended August 31, 2017

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**BASIC FINANCIAL STATEMENTS**



**Powell & Jones**  
Certified Public Accountants

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Southern Alabama AHEC  
Brewton, Alabama

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Southern Alabama AHEC (a nonprofit organization) which comprise the statement of financial position as of August 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility 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; 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness or significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Alabama AHEC as of August 31, 2017, 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.

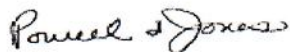
## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards 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.

## Report on Summarized Comparative Information

We have previously audited Southern Alabama AHEC's 2016 financial statements, and our report dated November 27, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



## **POWELL & JONES**

Certified Public Accountants

December 5, 2017

**SOUTHERN ALABAMA AHEC**  
**STATEMENT OF FINANCIAL POSITION**  
**August 31, 2017**  
(With Summarized Information for August 31, 2016)

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 63,259	\$ 78,059
Grant funds receivable	20,179	15,814
Prepaid expenses	1,455	722
Total current assets	<u>84,893</u>	<u>94,595</u>
Fixed assets		
Equipment	3,071	3,071
Less accumulated depreciation	(1,228)	(614)
	<u>1,843</u>	<u>2,457</u>
Total assets	<u>\$ 86,736</u>	<u>\$ 97,052</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities		
Accrued payroll expenses	\$ 2,136	\$ 4,753
Accrued compensated absences	5,197	3,186
Total liabilities	<u>7,333</u>	<u>7,939</u>
Net assets		
Unrestricted	<u>79,403</u>	<u>89,113</u>
Total net assets	<u>79,403</u>	<u>89,113</u>
Total liabilities and net assets	<u>\$ 86,736</u>	<u>\$ 97,052</u>

**SOUTHERN ALABAMA AHEC**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended  
August 31, 2017

(With Summarized Information for the Fiscal Year Ended August 31, 2016)

	<b>2017</b>	<b>2016</b>
<b>UNRESTRICTED SUPPORT AND REVENUE</b>		
Support		
Area Health Education Center grant funds		
Federal	\$ 189,832	\$ 199,125
Other grants and contributions	8,036	9,045
Total support	\$ 197,868	208,170
Revenue		
Center income	147	1,762
In-kind contributions	37,480	36,388
Total revenue	37,627	38,150
Total support and revenue	235,495	246,320
<b>FUNCTIONAL EXPENSES</b>		
Program services		
Healthcare education		
Personnel services	119,858	121,086
Operating expenses	77,352	79,525
Total program services	197,210	200,611
Supporting services, management and general:		
Operating expenses	47,995	40,433
Total supporting services	47,995	40,433
Total expenses	245,205	241,044
Change in unrestricted net assets	(9,710)	5,276
Net assets, beginning of year	89,113	83,837
Net assets, end of year	\$ 79,403	\$ 89,113

**SOUTHERN ALABAMA AHEC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Fiscal Year Ended August 31, 2017

(With Summarized Information for the Fiscal Year Ended August 31, 2016)

	Program Services		Total Program Services	Supporting Services		Totals	
	AHEC			Management and General		2017	2016
<b>PERSONNEL SERVICES</b>							
Salaries	\$ 99,340	\$ 99,340	\$ 99,340	\$ -	\$ -	\$ 99,340	\$ 98,813
Payroll taxes and benefits	20,518	20,518	20,518	-	-	20,518	22,273
	<u>119,858</u>	<u>119,858</u>	<u>119,858</u>	-	-	<u>119,858</u>	<u>121,086</u>
<b>OPERATING EXPENSES</b>							
Professional services	-	-	-	3,950	3,950	3,950	3,950
Payroll services	-	-	-	1,292	1,292	1,292	1,292
Consultant services	11,927	11,927	11,927	-	-	11,927	7,144
Dues and training	-	-	-	750	750	750	1,285
Insurance	-	-	-	1,745	1,745	1,745	1,556
Rent	-	-	-	37,480	37,480	37,480	36,388
Computer services	1,430	1,430	1,430	-	-	1,430	1,125
Materials and supplies	13,818	13,818	13,818	-	-	13,818	6,262
Telephone	-	-	-	1,950	1,950	1,950	1,875
Travel	15,738	15,738	15,738	-	-	15,738	21,687
Postage	-	-	-	214	214	214	279
Printing	712	712	712	-	-	712	1,696
Healthcare promotions	14,573	14,573	14,573	-	-	14,573	15,313
Participant support	13,281	13,281	13,281	-	-	13,281	14,769
Depreciation	-	-	-	614	614	614	614
Other expenses	5,873	5,873	5,873	-	-	5,873	4,723
	<u>77,352</u>	<u>77,352</u>	<u>77,352</u>	<u>47,995</u>	<u>47,995</u>	<u>125,347</u>	<u>119,958</u>
	<u>\$ 197,210</u>	<u>\$ 197,210</u>	<u>\$ 197,210</u>	<u>\$ 47,995</u>	<u>\$ 47,995</u>	<u>\$ 245,205</u>	<u>\$ 241,044</u>
Total expenses							



**SOUTHERN ALABAMA AHEC**  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended August 31, 2017

(With Summarized Information for the Fiscal Year Ended August 31, 2016)

	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
Cash received from government grants and contracts	\$ 193,503	\$ 225,278
Cash received from participants and other	147	1,762
Cash paid for employee services	(120,464)	(119,935)
Cash paid to contractors and vendors	(87,986)	(83,052)
Net cash provided by (used for) operating activities	(14,800)	24,053
 Net increase (decrease) in cash	 (14,800)	 24,053
Cash, beginning of year	78,059	54,006
Cash, end of year	\$ 63,259	\$ 78,059
 <b>Reconciliation of change in net assets to net assets provided by (used for) operating activities:</b>		
 Change in net assets	 \$ (9,710)	 \$ 5,276
 Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	614	614
(Increase) decrease in grants receivable	(4,365)	17,108
Increase in prepaid expenses	(733)	(96)
Increase (decrease) in accounts payable	(2,617)	(494)
Increase in accrued compensated absences	2,011	1,645
Total adjustments	(5,090)	18,777
 Net cash provided by (used for) operating activities	 \$ (14,800)	 \$ 24,053

**SOUTHERN ALABAMA AHEC**  
**NOTES TO FINANCIAL STATEMENTS**

August 31, 2017

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization and Purpose**

The Southern Alabama AHEC (the Organization) is a nonprofit corporation organized on August 4, 2014, for the purpose of providing education and training programs for health professionals and others in the Southern Alabama catchment area, consisting of ten contiguous counties. The Organization is committed to expanding the healthcare workforce, by encouraging diversity and equal distribution of the healthcare providers, especially in underserved communities. Under the guidance of the Alabama Statewide AHEC Program, and the Board of Directors, the Organization's mission is to reduce health disparities in underserved Alabama communities within the ten county service area that includes: Baldwin, Butler, Clarke, Conecuh, Covington, Crenshaw, Escambia, Mobile, Monroe, and Washington Counties. The Organization is primarily funded by a subaward agreement with the University of Alabama at Birmingham, which is the prime recipient of U.S. Public Health Service program funds. The Organization is governed by a voluntary board of directors selected from the ten county area.

**B. Basis of Accounting**

The Organization follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies. It uses the accrual basis of accounting, which recognizes revenues when earned and expenses as incurred. Federal, state and local government, and other public grants are recorded as support when performance occurs under the terms of the grant agreement.

**Financial Statement Presentation**

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 "Not-for-Profit Entities". Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

The Organization also follows FASB ASC 958 regarding accounting for contributions made and received. In accordance with FASB ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction.

The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities. Salaries and other expenses which are associated with a specific program are charged directly to that program. Salaries and other expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided.

**C. Fixed Assets and Depreciation**

The Organization follows the practice of capitalizing all expenditures in excess of \$1,000 at cost, or, if donated, at fair market value at date of acquisition. Proceeds from the sale of properties, if unrestricted, are transferred to operating net asset balances, or if restricted, to amounts restricted for property acquisitions. The Organization utilizes straight line depreciation with useful lives ranging from 3 to 7 years.

D. Revenue Recognition

The Organization's primary revenue is derived from subgrant contracts with the University of Alabama at Birmingham. These revenues, which are susceptible to accrual, are recognized when they become measurable and available as net current assets. Other revenues are recorded on the accrual basis.

E. Estimates

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

F. Cash Equivalents

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

G. Deferred Revenues

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

H. Fair Value of Financial Instruments

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

- Cash, Accounts Receivable and Accounts Payable – Carrying amount approximates fair value due to the short maturity of these financial instruments.

At August 31, 2017, the Organization had no assets or liabilities subject to disclosure of fair value measurements per FASB Statement No. 157.

I. Advertising Costs

The Organization's general policy is to expense advertising costs as incurred. There were no advertising costs for the fiscal year ending August 31, 2017.

**NOTE 2. FIXED ASSETS AND DEPRECIATION**

Depreciation of furniture and fixtures, and machinery and equipment, and vehicles is provided over the estimated useful lives of the respective assets on a straight-line basis. In accordance with Board policy, assets costing less than \$1,000 are generally fully expensed in their year of acquisition. The Organization's fixed assets at August 31, 2017 follows:

Equipment	<u>Cost</u>	<u>Life</u>
	\$ 3,071	5
Less: accumulated depreciation	<u>(1,228)</u>	
	<u>\$ 1,843</u>	

Depreciation for the year was \$614.

**NOTE 3. ACCRUED COMPENSATED ABSENCES**

Employees are compensated for their unused personal leave upon termination. The Organization had a liability of \$5,197 for accrued compensated absences at August 31, 2017.

**NOTE 4. CASH**

Cash includes amounts in demand deposit account. Cash in this one account is fully secured by federal depository insurance in accordance with provisions of this program.

**NOTE 5. PENSION PLAN**

The Organization's employees are paid under a staff leasing arrangement with a staff leasing Company. The Company provides various benefits to the staff under the leasing arrangement, including a retirement plan. The Organization reimburses the Company for employee salaries and benefits.

**NOTE 6. INCOME TAXES**

The Organization has been granted an exemption from income taxes under Internal Revenue Code, Section 501(c)(3), as a nonprofit corporation. As required by Internal Revenue Services regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax" with the Internal Revenue Service. The returns for 2015, 2016 and 2017 are currently subject to review and adjustment by the Internal Revenue Service.

**NOTE 7. CONTINGENCIES**

There is a contingent liability due to the fact that all possible applicable regulatory audits have not been completed for the fiscal year ended August 31, 2017. Under provisions of the funding agreements, any eventual expenditures determined to be not in compliance with grant regulations would be subject to repayment by the Organization. The Organization's administration believes that all expenditures were significantly in compliance with appropriate grant regulations.

**NOTE 8. EXPENSES BY FUNCTION**

Expenses by function have been allocated among program and supporting services classifications on the basis of time records and on estimates made by the Organization's management.

**NOTE 9. CONCENTRATION OF REVENUE SOURCES**

Approximately 96% of the Organization's revenues is derived from one Federal grant contract which must be periodically renewed.

**NOTE 10. RECEIVABLES**

Receivables at year end consisted of \$20,179 in funds due under a Federal grant. Management considers these funds to be fully collectible based upon historical information.

**NOTE 11. INVENTORIES**

It has consistently been the policy of the Organization to record acquisition of goods and supplies as expenditures at the time of purchase. The amount of such inventory on hand at any one time would be a nominal amount and considered to be immaterial.

**NOTE 12. DONATED SERVICES AND FACILITIES**

The Organization received a significant amount of donated services from unpaid volunteers who serve as officers and board members and assist in special programs. No amounts have been recognized in the statement of activities because the criteria for recognition under Financial Accounting Standards Board Codification ASC 958 "Not-for-Profit Entities" have not been satisfied.

There is a joint commitment between the Coastal Alabama Community College-East District and Southern Alabama AHEC regarding the provision of office space. For the year ended August 31, 2017, the value of office space, utilities, and services provided to the Organization under this agreement is \$37,480 and has been recognized as in-kind contributions and general expenses on the Statement of Activities.

**NOTE 13. SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 5, 2017, the date the financial statements were available to be issued.

**NOTE 14. RISK MANAGEMENT**

The Organization is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the Organization carries insurance. Insurance against losses are provided through various commercial insurers for the following types of risk:

- Workers' Compensation and Employer's Liability
- General Liability
- Directors' and Officers' Liability

The Organization's coverage for Workers' Compensation is under a retrospectively rated policy provided by the staff leasing Company. Premiums are accrued based on the ultimate cost-to-date of the Company's experiences for this type of risk.

**NOTE 15. COMPARATIVE DATA**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2016.

**SUPPLEMENTARY INFORMATION**

**SOUTHERN ALABAMA AHEC**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended August 31, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Grantor Number	Program Award Amount	Current Year Revenues	Current Year Expenditures
<b>FEDERAL AWARDS</b>					
Nonmajor programs					
Department of Health and Human Services- Area Health Education Centers Point of Services Maintenance and Enhancement Awards					
Passed through University of Alabama at Birmingham					
Federal AHEC Grant	93.107	000506686-003	\$ 187,832	\$ 187,832	\$ 187,832
		000506686-003	2,000	2,000	2,000
<b>Total federal awards</b>			<b>\$ 189,832</b>	<b>\$ 189,832</b>	<b>\$ 189,832</b>

See Notes to Schedule of Expenditures of Federal Awards.

## **SOUTHERN ALABAMA AHEC**

### **Notes to Schedule of Expenditures of Federal Awards**

**For the Fiscal Year Ended August 31, 2017**

#### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying policies and presentation of the Schedule of Expenditures of Federal Awards of Southern Alabama AHEC have been designed to conform to generally accepted accounting principles as applicable to voluntary health and welfare agencies, including the reporting and compliance requirements of the Audits of States, Local Governments, and Non-Profit Organizations and Office of Management and Budget Uniform Guidance.

##### **A. Reporting Entity**

The reporting entity consists of Southern Alabama AHEC. The Organization includes a Schedule of Expenditures of Federal Awards for the purpose of additional analysis.

##### **B. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurements made, regardless of the measurement focus.

The accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards. Under the accrual basis, revenues are recognized when they become earned. Expenses generally are recorded when a liability is incurred.



## MANAGEMENT LETTER

To the Board of Directors of  
Southern Alabama AHEC  
Brewton, Alabama

In planning and performing our audit of the financial statements of Southern Alabama AHEC, Inc. for the fiscal year ended August 31, 2017, we considered the Organization's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure, and other operational matters that are presented for your consideration. This letter does not affect our report dated December 5, 2017, on the financial statements of Southern Alabama AHEC, Inc.

### PRIOR YEAR FINDINGS

**Financial Statement Preparation** – A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statement and related footnotes, the financial statements are the responsibility of management. A deficiency exists when the Organization does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances where the Organization is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement preparation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

**Inadequate Separation of Accounting Duties** – Because of the limited number of personnel, it is not always possible to adequately segregate certain incompatible duties. One employee has access to both physical assets, including cash, and the related accounting records. Consequently, the possibility exists that unintentional or intentional errors or fraud could exist and not be promptly detected. Our audit did not reveal errors resulting from this lack of separation of employee duties and responsibilities.

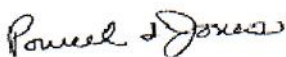
We recommend that the Organization continue to review practices and procedures to strengthen controls, specifically over purchasing procedures.

### CURRENT YEAR FINDINGS

We noted no additional reportable findings in the current year.

### CONCLUSION

We have reviewed our findings with the Executive Director and have provided her with documentation as requested. We very much enjoyed the challenges and experiences associated with our audit of the Organization. We appreciate the helpful assistance and courtesy afforded us by all employees and look forward to working with you in the future.



**POWELL & JONES**  
Certified Public Accountants  
December 5, 2017

## Communication with Those Charged with Governance

To the Board of Directors  
Southern Alabama AHEC  
Brewton, Alabama

We have audited the financial statements of Southern Alabama AHEC for the year ended August 31, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Southern Alabama AHEC, Inc. are described Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting Southern Alabama AHEC's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 5, 2017.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

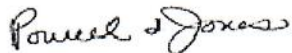
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Southern Alabama AHEC and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



**POWELL & JONES**  
**Certified Public Accountants**  
**December 5, 2017**