

WEST CENTRAL ALABAMA AHEC

FINANCIAL REPORT

For the Fiscal Year Ended August 31, 2025

**WEST CENTRAL ALABAMA AHEC
FINANCIAL REPORT**

For the Fiscal Year Ended August 31, 2025

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Powell and Jones CPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
West Central Alabama AHEC
Demopolis, Alabama

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of West Central Alabama AHEC (a nonprofit organization), which comprise the statement of financial position as of August 31, 2025, and related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of West Central Alabama AHEC as of August 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Central Alabama AHEC and meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards and Government Auditing Standards will always detect a material misstatement. The risk of not detecting a misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of West Central Alabama AHEC'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 the West Central Alabama AHEC'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 matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of 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 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 statement of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

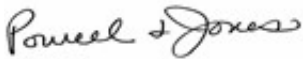
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2026, on our consideration of West Central Alabama AHEC'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 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 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 West Central Alabama AHEC's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited West Central Alabama AHEC's 2024 financial statements, and our report dated February 3, 2025, 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, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Powell and Jones CPA
Lake City, Florida
March 3, 2026

BASIC FINANCIAL STATEMENTS

WEST CENTRAL ALABAMA AHEC
STATEMENT OF FINANCIAL POSITION
August 31, 2025
(With Summarized Information for August 31, 2024)

| | 2025 | 2024 |
|-----------------------------------|--------------|--------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 489,173 | \$ 693,352 |
| Grants receivable | 133,241 | 234,585 |
| Investments | 825,760 | 362,288 |
| Prepaid expenses | 6,427 | 2,213 |
| Total current assets | 1,454,601 | 1,292,438 |
| | | |
| Total assets | \$ 1,454,601 | \$ 1,292,438 |
| | | |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 36,412 | \$ 80,239 |
| Accrued salaries | 14,169 | 16,498 |
| Accrued compensated absences | 3,250 | 7,015 |
| Total liabilities | 53,831 | 103,752 |
| | | |
| Net assets | | |
| Without donor restrictions | 1,400,770 | 1,188,686 |
| Total net assets | 1,400,770 | 1,188,686 |
| | | |
| Total liabilities and net assets | \$ 1,454,601 | \$ 1,292,438 |

See notes to financial statements.

WEST CENTRAL ALABAMA AHEC
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended
August 31, 2025

(With Summarized Information for the Fiscal Year Ended August 31, 2024)

| | 2025 | 2024 |
|--|--------------|--------------|
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | | |
| SUPPORT AND REVENUE | | |
| Federal grants | \$ 1,333,737 | \$ 1,588,597 |
| State grants | - | 45,375 |
| In-kind contributions | 1,700 | 24,420 |
| Interest income | 25,979 | - |
| Contractual and other income | 136,021 | 370,784 |
| Total support and revenue | 1,497,437 | 2,029,176 |
| EXPENSES | | |
| Program services | | |
| Healthcare education | 1,283,653 | 1,588,524 |
| Supporting services | | |
| Management and general | 1,700 | 24,420 |
| Total expenses | 1,285,353 | 1,612,944 |
| Change in net assets | 212,084 | 416,232 |
| Net assets without donor restrictions, beginning of year | 1,188,686 | 772,454 |
| Net assets without donor restrictions, end of year | \$ 1,400,770 | \$ 1,188,686 |

See notes to financial statements.

**WEST CENTRAL ALABAMA AHEC
STATEMENT OF FUNCTIONAL EXPENSES**

For the Fiscal Year Ended

August 31, 2025

(With Summarized Information for Fiscal Year Ended August 31, 2024)

| | Program Services | | Supporting Services | |
|--------------------------------|-------------------------|-------------------------|---------------------|---------------------|
| | Healthcare Education | Management & General | Totals | |
| | | | 2025 | 2024 |
| EXPENSES | | | | |
| Salaries | \$ 310,534 | \$ - | \$ 310,534 | \$ 416,519 |
| Payroll taxes and benefits | 136,824 | - | 136,824 | 131,622 |
| Consultants | - | - | - | 6,977 |
| Contractual services | 750,400 | - | 750,400 | 781,130 |
| Insurance | - | - | - | 990 |
| Rent | - | 1,700 | 1,700 | 24,420 |
| Dues and subscriptions | - | - | - | 9,802 |
| Supplies | 36,013 | - | 36,013 | 39,496 |
| Travel, in-state | 12,035 | - | 12,035 | 18,917 |
| Participant support and travel | 1,155 | - | 1,155 | 11,288 |
| Other program expenses | 36,692 | - | 36,692 | 171,783 |
| Total expenses | \$ 1,283,653 | \$ 1,700 | \$ 1,285,353 | \$ 1,612,944 |

See notes to financial statements.

**WEST CENTRAL ALABAMA AHEC
STATEMENT OF CASH FLOWS**

For the Fiscal Year Ended
August 31, 2025

(With Summarized Information for Fiscal Year Ended August 31, 2024)

| | 2025 | 2024 |
|--|--------------|--------------|
| Cash flows from operating activities: | | |
| Cash received from government grants and contracts | \$ 1,572,802 | \$ 1,883,250 |
| Cash paid for employee services | (453,452) | (544,854) |
| Cash paid to contractors and vendors | (886,036) | (1,093,076) |
| Net cash provided by (used for) operating activities | 233,314 | 245,320 |
| Cash flows from investing activities: | | |
| Cash paid for investments | (463,472) | (362,288) |
| Cash received for interest on investments | 25,979 | - |
| Net cash provided by (used for) investing activities | (437,493) | (362,288) |
| Net increase (decrease) in cash | (204,179) | (116,968) |
| Cash, beginning of year | 693,352 | 810,320 |
| Cash, end of year | \$ 489,173 | \$ 693,352 |
| Reconciliation of change in net assets to net cash provided by operating activities | | |
| Change in net assets | \$ 212,084 | \$ 416,232 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Accrued interest on investments | (25,979) | - |
| (Increase) decrease in grants receivable | 101,344 | (145,926) |
| (Increase) decrease in prepaid expenses | (4,216) | 1,646 |
| Increase (decrease) in accounts payable | (43,825) | (29,919) |
| Increase (decrease) in accrued salaries and compensated absences | (6,094) | 3,287 |
| Total adjustments | 21,230 | (170,912) |
| Net cash provided by (used for) operating activities | \$ 233,314 | \$ 245,320 |

See notes to financial statements.

WEST CENTRAL ALABAMA AHEC
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended August 31, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

The West Central Alabama AHEC (the Organization) is a nonprofit corporation organized on June 19, 2013, for the purpose of providing education and training programs for health professionals and others in the West Central Alabama catchment area, consisting of thirteen contiguous counties. The Organization is committed to expanding the healthcare workforce by encouraging diversity and equal distribution of healthcare providers, especially in underserved communities. Under the guidance of the Board of Directors, the Organization's mission is to improve health equity in West Alabama by supporting healthcare workforce and community-based initiatives aimed at addressing social determinants of health within the thirteen-county service area that includes: Bibb, Choctaw, Dallas, Fayette, Greene, Hale, Lamar, Marengo, Perry, Pickens, Sumter, Tuscaloosa and Wilcox counties. The Organization is primarily funded by federal and state grants and contracts. The Organization is governed by a voluntary board of directors selected from the West Central Alabama 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 for financial reporting, 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.

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities.

Under the provisions of this guidance, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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.

The Organization had no net assets with donor restrictions as of August 31, 2025 or 2024.

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. As applicable from year to year, the Organization utilizes straight-line depreciation with useful lives ranging from 3 to 7 years. The Organization had no qualifying fixed assets at year end.

D. Revenue Recognition

The Organization's revenues are primarily derived from federal grants, subawards, and contracts. Management evaluates each award to determine whether it is a contribution or an exchange transaction. Revenue from contributions is recognized when received or unconditionally promised, unless the award contains conditions that must be met before the Organization is entitled to the funds. Conditional amounts received in advance are reported as refundable advances until the conditions are substantially met. Revenue from cost-reimbursement grants and contracts is recognized as eligible expenditures are incurred under the terms of the agreements. Management considers receivables to be fully collectible; therefore, no allowance for credit losses has been recorded.

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.
- **Investments (Certificates of Deposit)** – Investments are reported at fair value based on observable market inputs, including interest rates and yield curves, and are classified

within Level 2 of the fair value hierarchy.

At August 31, 2025, the Organization had investments measured at fair value on a recurring basis classified within Level 2 of the fair value hierarchy.

Certain amounts reported in the prior year in the statement of cash flows have been reclassified to confirm to the current year's presentation. These reclassifications had no impact on the previously reported net cash flows from operating, investing, or financing activities.

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, 2025.

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 respective year of acquisition. The Organization's fixed assets at August 31, 2025 consisted only of items less than \$1,000.

NOTE 3. LEASES

The Organization has one in-kind lease for office space. The donated use of facilities is recognized as in-kind contribution of revenue and a corresponding expense at the estimated fair value of the space provided. The total value of the donated lease recognized for the year ended August 31, 2025 was \$1,700. The lease arrangement qualifies as a short-term lease and therefore no right of use asset or lease liability has been recorded in the accompanying financial statements.

NOTE 4. ACCRUED COMPENSATED ABSENCES

Employees are compensated for their unused personal leave upon termination. The Organization had a liability of \$3,250 for accrued compensated absences at August 31, 2025.

NOTE 5. CASH

Cash includes amounts in two demand deposit accounts. Balances were fully secured by Federal Deposit Insurance (FDIC).

NOTE 6. PENSION PLAN

The Organization's employees are paid under a staff leasing arrangement with a staff leasing company. The staff leasing 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 7. INCOME TAXES

The Organization has been granted exemption from income taxes under Internal Revenue Code, Section 501(c)(3), as a nonprofit corporation. As required by Internal Revenue Service's regulations, the Organization files Form 990 annually. The Organization is subject to examination by the Internal Revenue Service for three years after the return is filed.

NOTE 8. 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, 2025. Under provisions of the funding agreements, any eventual expenses determined to be not in compliance with grant regulations would be subject to repayment by the Organization. The Organization's administration believes that all expenses were significantly in compliance with appropriate grant regulations.

NOTE 9. 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 as follows:

| <u>Expense</u> | <u>Method of Allocation</u> |
|--|---|
| Salaries and benefits | Time and effort |
| Staff training, dues, subscriptions, insurance, travel, communications postage, printing, and supplies | Charged directly to the benefiting program or allocated by relative total program expense |
| Professional services (consultants, accounting, legal) | Charged directly to the benefiting program or allocated by relative total program expense |
| Facilities costs and rent | Allocation based upon relative total usable square footage |

NOTE 10. CONCENTRATION OF REVENUE SOURCES

Approximately 89% of the Organization's revenues are derived from federal grant contracts which must be periodically renewed.

NOTE 11. RECEIVABLES

Receivables at year end consisted of \$133,241 in funds due under federal and state grants and other contracts. Management considers these funds to be fully collectible based upon historical information.

NOTE 12. 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 13. DONATED SERVICES

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.

NOTE 14. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 3, 2026, the date the financial statements were available to be issued.

NOTE 15. RISK MANAGEMENT

The Organization is exposed to the various risks 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 loss is 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 16. 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, 2024.

NOTE 17. LIQUIDITY AND AVAILABILITY

Financial assets available within one year of the statement of financial position date of August 31, 2025 for general expenditures are as follows:

| | |
|----------------------------------|---------------------|
| Cash | \$ 489,173 |
| Investments | 825,760 |
| Grants receivable | 133,241 |
| Total financial assets available | <u>\$ 1,448,174</u> |

The Organization manages its liquid assets in accordance with regular budgeting processes developed through the coordinated efforts of management and the Board of Directors. Quarterly reporting by management to those charged with governance ensures the results from operating activities are monitored closely.

NOTE 18. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments

The Organization's investments consist of certificates of deposit with various financial institutions. These investments have maturities ranging from September 2025 through April 2026 and bear interest at rates ranging from approximately 3.90% to 4.25%.

Investments are reported at fair value in the statement of financial position. Interest income is recognized as earned.

Fair Value Measurements

The Organization measures its investments at fair value using a three-level hierarchy for fair value measurements based on the transparency of inputs used in the valuation of assets:

Level 1: Quoted prices in active markets for identical assets

Level 2: Observable inputs other than Level 1 prices

Level 3: Unobservable inputs

Certificates of deposit are valued using observable market inputs, including interest rates and yield curves, and are classified within Level 2 of the fair value hierarchy.

Fair Value of Investments

At August 31, 2025 investments consisted of the following:

| Investment Type | Fair Value | Level |
|-------------------------|-------------------|--------------|
| Certificates of deposit | \$825,760 | Level 2 |

Investment Return

Investment return consists of the following for the year ended August 31, 2025:

Interest income: \$25,760

SUPPLEMENTARY INFORMATION

WEST CENTRAL ALABAMA AHEC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended August 31, 2025

| Federal Grantor/Pass-Through Grantor/Program Title | ALN | Grantor Number | Program Award Amount | Prior Year Expenditures | Current Year Revenues | Current Year Expenditures | Major Program |
|--|--------|-------------------|-------------------------|----------------------------|--------------------------|------------------------------|---------------|
| FEDERAL AWARDS | | | | | | | |
| Health Resources and Services Administration | | | | | | | |
| HRSA RHND Grant | 93.912 | 23D06RH49197 | \$ 600,000 | \$ 384,230 | \$ 249,407 | \$ 249,407 | * |
| Delta Region Maternal Care Coordination Program | 93.912 | US954302 | 449,989 | - | 323,679 | 323,679 | * |
| Rural Communities Opioid Response Implementation | 93.912 | GA145992 | 1,000,000 | 618,971 | 381,029 | 381,029 | * |
| Delta Workforce Program | 93.912 | DRA23DWPAL-23119 | 450,000 | 189,377 | 274,622 | 274,622 | * |
| | | | <u>2,499,989</u> | <u>1,192,578</u> | <u>1,228,737</u> | <u>1,228,737</u> | |
| Delta Workforce Training Program | 90.200 | N/A | 105,000 | - | 105,000 | 105,000 | |
| Total federal awards | | | <u>\$ 2,604,989</u> | <u>\$ 1,192,578</u> | <u>\$ 1,333,737</u> | <u>\$ 1,333,737</u> | |

See Notes to Schedule of Expenditures of Federal Awards.

WEST CENTRAL ALABAMA AHEC
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2025

NOTE 1.

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal Awards and State Financial Assistance activity of West Central Alabama AHEC (the Organization) for the year ended August 31, 2025, in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, change in net assets, or cash flows of the Organization.

A. Reporting Entity

The reporting entity consists of West Central 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 relates 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.

C. Subrecipients

The Organization had no subrecipients during the fiscal year.

D. Indirect Cost Rate

The Organization used the 15 percent de minimis indirect cost rate on ALN numbers 93.912. The 15% de minimis rate was implemented following amendments to the grant agreements that were executed after the October 1, 2024 effective date of the updated Uniform Guidance, which increased the allowable de minimis indirect cost rate from 10% to 15%. For the remainder of the grants, they used a rate less than the de minimis rate as specified in the grant agreements.

OTHER REPORTS AND LETTERS



**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
West Central Alabama AHEC
Demopolis, Alabama

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 West Central Alabama AHEC (the Organization) a nonprofit organization, which comprise the statement of financial position as of August 31, 2025 and the statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 3, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

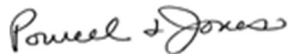
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Powell and Jones CPA
Lake City, Florida
March 3, 2026



Powell and Jones CPA

204 N. Marion Ave.
Lake City, Florida 32055
Phone: 386.755.4200

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB *UNIFORM GUIDANCE***

To the Board of Directors of
West Central Alabama AHEC
Demopolis, Alabama

Report on Compliance for each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Central Alabama AHEC's (the Organization) compliance with the types of compliance requirements identified as subject to an audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended August 31, 2025. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the auditor's responsibilities for the audit of compliance section of our report.

We are required to be independent of the Organization, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- a. Exercise professional judgment and maintain professional skepticism throughout the audit
- b. Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- c. Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

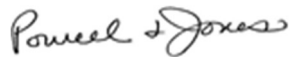
Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit report was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones CPA
Lake City, Florida
March 3, 2026



Powell and Jones CPA

204 N. Marion Ave.
Lake City, Florida 32055
Phone: 386.755.4200

MANAGEMENT LETTER

To the Board of Directors of
West Central Alabama AHEC
Demopolis, Alabama

Report on Financial Statements

We have audited the financial statements of West Central Alabama AHEC (the Organization) as of and for the year ended August 31, 2025, and have issued our report thereon dated March 3, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 3, 2026, should be considered in conjunction with this management letter.

Additional Matters

In planning and performing our audit of the financial statements of the Organization for the fiscal year ended August 31, 2025, 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.

Government Auditing Standards require us to communicate noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

There are no other matters that are immaterial to our audit which we believe merit your attention.

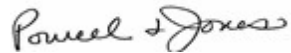
We have reviewed our findings and recommendations with Management and have provided any relevant supporting documentation. These items will be reviewed with management in the following year to ensure they are adequately addressed.

Purpose of this Letter

This communication is intended solely for the information and use of Federal and other granting agencies, the Board of Directors and applicable management of the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

Conclusion

We appreciate the opportunity to perform this audit and engage in 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 and Jones CPA
Lake City, Florida
March 3, 2026



Communication with Those Charged with Governance

To the Board of Directors
West Central Alabama AHEC
Demopolis, Alabama

We have audited the financial statements of West Central Alabama AHEC for the year ended August 31, 2025. 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 West Central Alabama AHEC are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2025. 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 West Central 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 March 3, 2026.

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

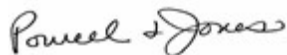
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses 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 West Central Alabama AHEC and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Powell and Jones CPA
Lake City, Florida
March 3, 2026

**West Central Alabama AHEC
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended August 31, 2025**

Section 1. Summary of Auditor's Results

Financial statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified No

Significant deficiencies identified that are not
 considered to be material weaknesses Yes

Noncompliance material to financial
 statements noted No

Federal Awards

Internal control over major programs:

Material weakness identified No

Significant deficiencies identified that are not
 considered to be material weaknesses None reported

Type of auditor's report issued on compliance
 for major programs: Unmodified

Any audit findings disclosed that are required
 to be reported in accordance with Section
 200.518(b) of the *Uniform Guidance* No

Identification of major programs:

| <u>ALN</u> | <u>Name of Program or Cluster</u> |
|------------|---|
| 93.912 | Rural Communities Opioid Response Program |

Dollar threshold used to distinguish between
 Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee Yes

Section 2. Financial Statement Findings

Significant Deficiencies

2025-001: Financial Statement Preparation

Criteria: The preparation of the financial statements is the responsibility of management. Management must have the ability to draft financial statements in accordance with US GAAP, ensuring they fairly present the financial position, results of operations, and cash flows of the entity. While auditors may assist in the preparation of the financial statements, this should not replace the capability of management to oversee and prepare such statements themselves.

Condition: During our audit, we identified a deficiency in internal control. Due to the size of the Organization, they are not able to hire a contract accountant or certified public accountant to draft the financial statements in accordance with GAAP.

Cause: The Organization has not employed or contracted with an accounting professional who possesses the technical expertise required to prepare financial statements in accordance with GAAP. Although the Organization has staff with suitable skills, knowledge, and experience to oversee services provided by the auditors in assisting with financial statement preparation, this level of competence is lower than what is required to independently draft the financial statements.

Effect: The Organization is unable to internally prepare financial statements in compliance with GAAP. This places reliance on the auditors for financial statement preparation.

Recommendation: We recommend that the Organization hire a qualified accounting professional, either in-house or on a contractual basis, who has the expertise to prepare financial statements in accordance with GAAP. We understand that the Organization is limited in size and budget, and this may not be feasible at this time and that even with a qualified professional it may be more efficient for the Organization to continue using its auditors to prepare these financial statements in future years.

Section 3. Single Audit Findings and Questioned Costs

None.

**West Central Alabama AHEC
Summary Schedule of Prior Audit Findings**

2022-001: Financial Statement Preparation

Condition: Due to the small size of the Organization and multiple duties of its personnel, management responsible for accounting and reporting lack the necessary skills to apply GAAP in preparation of financial statements. Management requires assistance in preparing financial statement disclosures required under GAAP.

Current Year Status: This finding was not corrected. Finding was repeated in the current year as finding 2025-001. Management does not believe it would be a justifiable expense to employ another accountant at this time and will monitor this situation in the future.

**West Central Alabama AHEC
Management Response**



April 9, 2026

Powell & Jones CPAs
1359 SW Main Blvd.
Lake City, FL 32025

Management Response

We agree with this finding. We are a very small Organization and have used our available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Board of Directors reviews the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the Board of Directors.

At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.

Signature: *Rosie London*
Title: 04/09/2026