

Children's Diagnostic & Treatment Center, Inc.

Financial Statements and
Additional Information
For the Years Ended June 30, 2023 and 2022



Children's Diagnostic & Treatment Center, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Children's Diagnostic & Treatment Center, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Children's Diagnostic & Treatment Center, Inc. (a nonprofit organization) (the "Organization"), which comprise of the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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 audits 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 the Organization and to 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 purposes of expressing an opinion on the effectiveness of the Organization'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 Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged at governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State of Florida Chapter 10.650, *Rules of the Auditor General*, 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 schedule of expenditures of federal awards and state financial assistance 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 October 17, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 17, 2023

FINANCIAL STATEMENTS



Children's Diagnostic & Treatment Center, Inc.
Statements of Financial Position
June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets:						
Cash and cash equivalents	\$ 731,629	\$ -	\$ 731,629	\$ 1,023,912	\$ 732,581	\$ 1,756,493
Due from patients and others, net of allowance for uncollectibles	1,238,102	-	1,238,102	1,081,353	-	1,081,353
Grant receivables	2,254,685	-	2,254,685	2,618,406	-	2,618,406
Other assets	669,559	-	669,559	435,767	-	435,767
Total current assets	4,893,975	-	4,893,975	5,159,438	732,581	5,892,019
Other Assets:						
Operating lease right-of-use asset	3,950,243	-	3,950,243	-	-	-
Property and equipment, net	1,353,080	-	1,353,080	1,326,250	-	1,326,250
Total assets	\$ 10,197,298	\$ -	\$ 10,197,298	\$ 6,485,688	\$ 732,581	\$ 7,218,269
Current Liabilities:						
Accounts payable and accrued expenses	\$ 1,034,683	\$ -	\$ 1,034,683	\$ 980,832	\$ -	\$ 980,832
Accrued salaries	548,546	-	548,546	513,090	-	513,090
Refundable advances	362,947	-	362,947	753,437	-	753,437
Current portion of operating lease liability	276,440	-	276,440	-	-	-
Accrued leave benefits	696,154	-	696,154	596,146	-	596,146
Total current liabilities	2,918,770	-	2,918,770	2,843,505	-	2,843,505
Other Liabilities:						
Operating lease liability, net of current portion	3,723,339	-	3,723,339	-	-	-
Due to Parent	9,064,188	-	9,064,188	10,625,168	-	10,625,168
Total liabilities	15,706,297	-	15,706,297	13,468,673	-	13,468,673
Net Assets (Deficit):						
Without donor restrictions:						
Undesignated (deficit)	(5,508,999)	-	(5,508,999)	(6,982,985)	-	(6,982,985)
With donor restrictions:						
Purpose restrictions	-	-	-	-	732,581	732,581
Total net assets (deficit)	(5,508,999)	-	(5,508,999)	(6,982,985)	732,581	(6,250,404)
Total liabilities and net assets	\$ 10,197,298	\$ -	\$ 10,197,298	\$ 6,485,688	\$ 732,581	\$ 7,218,269

The accompanying notes to financial statements are an integral part of these statements.

Children's Diagnostic & Treatment Center, Inc.
Statements of Activities
For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Public Support:						
Grant revenue	\$ 12,454,101	\$ -	\$ 12,454,101	\$ 12,011,133	\$ -	\$ 12,011,133
Contract revenue	153,822	-	153,822	144,719	-	144,719
Contributions and donations	651,315	156,842	808,157	587,927	264,376	852,303
Net patient service revenue	2,138,300	-	2,138,300	2,209,346	-	2,209,346
Pharmacy revenue	4,416,839	-	4,416,839	-	-	-
Subsidy from Parent	1,522,819	-	1,522,819	1,366,565	-	1,366,565
Other revenue	2,032,528	-	2,032,528	3,604,509	-	3,604,509
Net assets released from restrictions	889,423	(889,423)	-	-	-	-
Total revenue and public support	24,259,147	(732,581)	23,526,566	19,924,199	264,376	20,188,575
Expenses:						
Program services	22,200,878	-	22,200,878	19,316,747	-	19,316,747
Supporting services:						
General and administrative expenses	1,494,170	-	1,494,170	1,297,695	-	1,297,695
Development	285,724	-	285,724	310,017	-	310,017
Total supporting services	1,779,894	-	1,779,894	1,607,712	-	1,607,712
Total expenses	23,980,772	-	23,980,772	20,924,459	-	20,924,459
Other Gains and (Losses):						
Change in value of self insurance	735,848	-	735,848	-	-	-
Change in value of pension and other post-employment benefits	459,763	-	459,763	(515,738)	-	(515,738)
Total other gains (losses)	1,195,611	-	1,195,611	(515,738)	-	(515,738)
Change in net assets	1,473,986	(732,581)	741,405	(1,515,998)	264,376	(1,251,622)
Net Assets, Beginning of Year	(6,982,985)	732,581	(6,250,404)	(5,466,987)	468,205	(4,998,782)
Net Assets, End of Year	\$ (5,508,999)	\$ -	\$ (5,508,999)	\$ (6,982,985)	\$ 732,581	\$ (6,250,404)

The accompanying notes to financial statements are an integral part of these statements.

Children's Diagnostic & Treatment Center, Inc.
Statement of Functional Expense
For the Year Ended June 30, 2023

	Program Services				Supporting Services			Total 2023 Expenses	
	Early Steps	Comprehensive Family AIDS Program	Primary Care	Other Programs	Total Program Services	Management and General	Fundraising and Development		Total Supporting Services
Personnel Costs:									
Payroll general staff	\$ 5,187,002	\$ 1,216,638	\$ 516,653	\$ 2,083,794	\$ 9,004,087	\$ 967,020	\$ 38,348	\$ 1,005,368	\$ 10,009,455
Payroll physician	125,413	80,173	320,152	175,132	700,870	-	-	-	700,870
Agency		16,537	91,628	4,652	112,817	6,643		6,643	119,460
Employee benefits, net	<u>1,319,498</u>	<u>321,531</u>	<u>213,991</u>	<u>578,311</u>	<u>2,433,331</u>	<u>295,109</u>	<u>8,294</u>	<u>303,403</u>	<u>2,736,734</u>
Total personnel costs	<u>6,631,913</u>	<u>1,634,879</u>	<u>1,142,424</u>	<u>2,841,889</u>	<u>12,251,105</u>	<u>1,268,772</u>	<u>46,642</u>	<u>1,315,414</u>	<u>13,566,519</u>
Other Expenses:									
Common services	451,872	85,450	51,994	126,234	715,550	79,298	7,999	87,297	802,847
Fees	3,371,378	6,496	16,682	168,902	3,563,458	261,196	43,997	305,193	3,868,651
Insurance	-	-	-	-	-	68,740	-	68,740	68,740
Leases and rentals	315,624	55,126	29,084	74,903	474,737	76,772	1,248	78,020	552,757
Other expenses	226,567	14,637	42,038	94,795	378,037	17,515	102,244	119,759	497,796
Repairs and maintenance	783	1,509	5,138	7,083	14,513	44,015	-	44,015	58,528
Supplies	104,830	24,726	43,387	4,354,663	4,527,606	(438,531)	81,756	(356,775)	4,170,831
Utilities	<u>93,332</u>	<u>30,715</u>	<u>12,312</u>	<u>75,348</u>	<u>211,707</u>	<u>33,568</u>	<u>1,838</u>	<u>35,406</u>	<u>247,113</u>
Total other expenses	<u>4,564,386</u>	<u>218,659</u>	<u>200,635</u>	<u>4,901,928</u>	<u>9,885,608</u>	<u>142,573</u>	<u>239,082</u>	<u>381,655</u>	<u>10,267,263</u>
Interest	-	4	83	1,415	1,502	1,233	-	1,233	2,735
Depreciation	<u>8,850</u>	<u>1,478</u>	<u>7,766</u>	<u>44,569</u>	<u>62,663</u>	<u>81,592</u>	<u>-</u>	<u>81,592</u>	<u>144,255</u>
Total expenses	<u>\$ 11,205,149</u>	<u>\$ 1,855,020</u>	<u>\$ 1,350,908</u>	<u>\$ 7,789,801</u>	<u>\$ 22,200,878</u>	<u>\$ 1,494,170</u>	<u>\$ 285,724</u>	<u>\$ 1,779,894</u>	<u>\$ 23,980,772</u>

The accompanying notes to financial statements are an integral part of these statements.

Children's Diagnostic & Treatment Center, Inc.
Statement of Functional Expense
For the Year Ended June 30, 2022

	Program Services					Supporting Services			Total 2022 Expenses
	Early Steps	Comprehensive Family AIDS Program	Primary Care	Other Programs	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	
Personnel Costs:									
Payroll general staff	\$ 4,668,317	\$ 1,297,891	\$ 512,974	\$ 1,938,080	\$ 8,417,262	\$ 856,901	\$ 150,159	\$ 1,007,060	\$ 9,424,322
Payroll physician	134,085	198,116	463,737	226,185	1,022,123	-	-	-	1,022,123
Employee benefits	991,619	316,251	232,512	485,481	2,025,863	(118,317)	32,221	(86,096)	1,939,767
Total personnel costs	5,794,021	1,812,258	1,209,223	2,649,746	11,465,248	738,584	182,380	920,964	12,386,212
Other Expenses:									
Common services	277,745	63,925	46,857	87,151	475,678	17,707	8,804	26,511	502,189
Fees	2,867,203	6,401	10,336	204,127	3,088,067	295,819	78,640	374,459	3,462,526
Insurance	20,466	4,623	2,370	7,224	34,683	13,388	528	13,916	48,599
Leases and rentals	274,900	56,965	40,745	77,850	450,460	32,854	5,248	38,102	488,562
Other expenses	85,928	88,741	94,701	180,282	449,652	6,880	13,625	20,505	470,157
Repairs and maintenance	11,064	-	-	-	11,064	11,471	-	11,471	22,535
Supplies	99,883	32,582	42,212	2,927,423	3,102,100	76,319	17,335	93,654	3,195,754
Utilities	103,993	32,495	12,037	75,522	224,047	22,798	3,457	26,255	250,302
Total other expenses	3,741,182	285,732	249,258	3,559,579	7,835,751	477,236	127,637	604,873	8,440,624
Interest	-	-	-	-	-	369	-	369	369
Depreciation	7,611	1,279	6,414	444	15,748	81,506	-	81,506	97,254
Total expenses	\$ 9,542,814	\$ 2,099,269	\$ 1,464,895	\$ 6,209,769	\$ 19,316,747	\$ 1,297,695	\$ 310,017	\$ 1,607,712	\$ 20,924,459

The accompanying notes to financial statements are an integral part of these statements.

Children's Diagnostic & Treatment Center, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 741,405	\$ (1,251,622)
Adjustments to reconcile changes in net assets to cash provided by (used in) operating activities:		
Provision for depreciation	144,256	97,254
Provision for uncollectible accounts	227,785	(50,245)
Reduction in the carrying amount of right-of-use asset - operating lease	309,850	-
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Due from patients and others, net	(384,534)	(74,308)
Grants receivable	363,721	44,176
Other assets	(233,792)	(22,572)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	53,851	251,504
Accrued salaries	35,456	55,457
Refundable advances	(390,490)	256,091
Operating lease liability	(260,314)	-
Accrued leave benefits	100,008	11,010
	<u>707,202</u>	<u>(683,255)</u>
Net cash provided by (used in) operating activities		
Cash Flows From Investing Activities:		
Purchases of property and equipment	(171,086)	(194,155)
	<u>(171,086)</u>	<u>(194,155)</u>
Net cash provided by (used in) investing activities		
Cash Flows From Financing Activities:		
Due to Parent	(1,560,980)	1,049,034
	<u>(1,560,980)</u>	<u>1,049,034</u>
Net cash provided by (used in) financing activities		
	<u>(1,560,980)</u>	<u>1,049,034</u>
Net increase (decrease) in cash and cash equivalents	(1,024,864)	171,624
Cash and Cash Equivalents, Beginning of Year	<u>1,756,493</u>	<u>1,584,869</u>
Cash and Cash Equivalents, End of Year	\$ <u><u>731,629</u></u>	\$ <u><u>1,756,493</u></u>

The accompanying notes to financial statements are an integral part of these statements.

Note 1 - Organization and Operations

Children's Diagnostic & Treatment Center, Inc. (the "Organization"), a Florida not-for-profit corporation was incorporated in 2000. The North Broward Hospital District (the "Parent") is the sole member of the Organization. The Organization provides comprehensive prevention, intervention, and treatment services to children and youth faced with serious physical, social and other developmental, and special health care needs by building supports, linking to resources, and providing educational services that will foster hope, healing, and comfort.

The Organization is funded principally through patient service revenue, donations and grants from federal, state, and local entities.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting: The Organization uses the accrual basis of accounting for financial reporting purposes, which is in accordance with generally accepted accounting principles. Revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) No. 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASU No. 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions:* Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other-donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All contributions are considered available for general use, unless specifically restricted by donor or subject to other legal restrictions.

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and cash equivalents: The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Due from patients and others: Due from patients and others are reduced by an allowance for doubtful accounts and contractual allowances. In evaluating the collectability of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. The differences between the standard rates (or discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. The allowance for doubtful accounts was approximately \$ 600,000 and \$ 370,000 as of June 30, 2023 and 2022, respectively.

Grant receivables: Grant receivables consist of federal, state and local awards from various agencies. Management has determined the receivable balance to be fully collectible as of June 30, 2023 and 2022 and a provision for uncollectible accounts is not necessary.

Inventory: Inventory, which is included in other assets, consists mainly of drug and food supplies and is carried at cost.

Property and equipment: Property and equipment are recorded at cost if purchased or, if donated, at their estimated fair value at the time donation, less accumulated depreciation. In accordance with the Organization's policy, capitalization of assets is done only when the cost of a single item or aggregate purchase exceeds \$ 5,000; or a cumulative or bulk purchase, as defined in the policy, exceeds \$ 10,000 or \$ 25,000, respectively. The Organization follows the policy of providing for depreciation using the straight-line method over the estimated useful life of each type of asset which is as follows:

Building improvements	5-40 years
Furniture and fixtures	10-15 years
Computer equipment	5-10 years
Land improvements	5-25 years

When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Leases: The Organization has entered into an operating lease for office space. The obligations associated with this lease has been recognized as a liability in the statements of financial position based on the future lease payments, discounted by the treasury rate at the inception of each lease. The Organization determines if an arrangement is or contains a lease at inception. Lease terms may include options to extend or terminate certain leases. The value of an option is reflected in the valuation of the lease if it is reasonably certain management will exercise an option to extend or terminate a lease.

Note 2 - Summary of Significant Accounting Policies (continued)

As of July 1, 2022, the Organization adopted FASB Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), as amended. This guidance is intended to improve financial reporting of lease transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than 12 months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Organization elected the modified retrospective transition method, presenting the impact of ASU 2016-02 in the current year of adoption only, with the cumulative effect of initially applying the guidance recognized at the beginning of the current year. No adjustments to net assets as of July 1, 2022 were required. The Organization also elected the package of practical expedients that permits no reassessment of whether any expired or existing contracts are or contain a lease, the lease classification for any expired or expiring leases, and any initial direct costs for any existing leases as of the effective date.

As a result of implementing the standard, the Organization recognized (a) operating lease liabilities representing the present value of the remaining lease payments, discounted using the weighted-average treasury rate at the inception of each lease of 3.81%, totaling approximately \$ 4,260,093 as of July 1, 2022 and (b) operating right-of-use assets totaling approximately \$ 4,260,093 as of July 1, 2022.

Revenue and revenue recognition: The Organization recognizes grants and contributions when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived.

Amounts received prior to meeting certain conditions, including measurable performance or other barrier, providing the unit of service, and/or incurring qualifying expenditures in compliance with the specific grant or contract are reported as a liability, refundable advances, in the statement of financial position.

Revenues from special events that are considered exchange transactions are not recognized until the special event takes place. Other programs income from products and services are recognized as income when the performance obligation of transferring the products and providing the services are met. Amounts received in advance are deferred to the applicable period.

A significant portion of the Organization's revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization incurs expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Contract revenue is generally billed monthly and is derived from units of service contracts. Amounts received are recognized as revenue when the unit of service has been provided in compliance with the specific contract.

Patient service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled to in exchange for providing patient care. These amounts are due from patients, third-party payers (including health insurers and government programs) and others and includes variable consideration for retroactive adjustments due to settlement of audits, reviews and investigations. Generally, the Organization bills patients and third-party payers several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Note 2 - Summary of Significant Accounting Policies (continued)

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured patients in accordance with the Organization's policy and/or implicit price concessions provided to uninsured patients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Organization determines its estimate of implicit price concessions based on historical collection experience with this class of patients.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Organization. In addition, the contracts the Organization has with commercial payers also provide for retroactive audit and review of claims.

Consistent with the Organization's mission, care is provided to patients regardless of their ability to pay. Therefore, the Organization has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Organization expects to collect based on its collection history with those patients.

The Organization participates in the 340B drug pricing program ("340B Program"), which enables qualifying health care providers to purchase drugs from pharmaceutical suppliers at a substantial discount. 340B Program revenue is recognized as prescriptions are filled to qualified patients.

Functional expenses: The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by functions. Expenses that can be directly identified with a program or supporting service are charged accordingly. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses include compensation, taxes and fringe benefits, professional fees, building occupancy costs, provision for depreciation and others, are allocated on the basis of estimates of time and effort, square footage, and other methods as determined by management.

Contributed goods and services: The Organization pays for most services requiring specific expertise. However, when services requiring specific expertise are contributed, they are reported as contributions at their estimated fair value if such services create or enhance non-financial assets, would have been purchased if not provided by contribution, require specialized skills and are provided by individuals possessing such specialized skills. During the years ended June 30, 2023 and 2022, the value of contributed services meeting requirements for recognition in the financial statements was not material and was not recorded.

Contributed goods are recorded at their estimated fair market value when received.

Note 2 - Summary of Significant Accounting Policies (continued)

Income taxes: The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and as such, is only subject to federal income taxes on unrelated business income. Per management, there were no income taxes resulting from unrelated business income during the years ended June 30, 2023 or 2022.

Accounting standards prescribe rules for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Organization's tax returns. Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. Any interest and penalties associated with tax positions would be recognized as supporting services and expenses - other on the statement of activities. There were no interest and penalties recognized in the financial statements for the current year. Generally, the Organization's tax returns remain open for federal income tax examination for three years from the date of filing.

Use of estimates: In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts and disclosure of 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.

Concentrations of credit risk: Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of receivables, cash and cash equivalents. The concentration of credit risk with respect to receivables is primarily due to the economic dependency in federal, state and other agencies and the ability to obtain authorization, process and collect balances timely. The Organization has cash and cash equivalents in financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC"). At June 30, 2023 and 2022, there was approximately \$ 265,000 and \$ 1,506,000, respectively, held in excess of the FDIC limits. Cash is maintained with what management believes to be high quality financial institutions to limit its risk.

Date of management review: Management has evaluated subsequent events through October 17, 2023 the date the financial statements were available to be issued, and has concluded that there were no such events that require adjustment to the financial statements or disclosure in the notes to the financial statements.

Note 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, is estimated and comprise the following:

Note 3 - Liquidity and Availability (continued)

	<u>2023</u>
Financial Assets:	
Cash and cash equivalents	\$ 731,629
Due from patients and others, net of allowance for uncollectibles	1,238,102
Grant receivables	2,254,685
Other assets	<u>85,085</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	\$ <u><u>4,309,501</u></u>

Note 4 - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Building improvements	\$ 1,442,476	\$ 1,442,476
Furniture and fixtures	826,117	743,166
Computer equipment	319,194	434,856
Land improvements	<u>15,280</u>	<u>15,280</u>
	2,603,067	2,635,778
Less: accumulated depreciation	<u>1,296,195</u>	<u>1,340,520</u>
	1,306,872	1,295,258
Construction-in-progress	<u>46,208</u>	<u>30,992</u>
	\$ <u><u>1,353,080</u></u>	\$ <u><u>1,326,250</u></u>

Note 5 - Due To Parent

Due to Parent represents operating expenses and other amounts incurred by the Parent on behalf of the Organization. These amounts include allocations made by the Parent for estimated worker's compensation, malpractice claims, and certain post-employment benefits. The Organization's risk management function is performed by the Parent and any claims against the Organization would be paid to the Parent by the Organization. Management is not aware of any current claims asserted against the Organization. Additionally, the Parent is the employer for all Organization staff members and would satisfy all post-employment obligations which would be reimbursed by the Organization. As of June 30, 2023 and 2022, Due to Parent was approximately \$ 9,064,000 and \$ 10,625,000, respectively.

Note 6 - Net Assets With Donor Restrictions

As of June 30, 2023 and 2022, the Organization reported net assets with donor restrictions of \$ 0 and \$ 732,581, respectively, which consists of cash and cash equivalents, for purposes of indigent care and various operating expenses. It is the intention of the Organization to complete the spending in accordance with the donors' wishes. During the year ended June 30, 2023, the Organization's net assets with donor restrictions were transferred to the Broward Health Foundation for management and administration. The assets are available upon request by the Organization.

Note 7 - Related Party Transactions

The Organization was established to provide medical, health care and family care services to children. The Organization is reported as a division of the Parent. The Parent makes payments for the various expenses such as employee's health insurance, general insurance and pension costs, and charges these expenses to the Organization. As of June 30, 2023 and 2022, the liability for these expenses is computed and allocated by the Parent. The Parent provided funding to the Organization to cover operating expenses of approximately \$ 1,523,000 and \$ 1,367,000 for the years ended June 30, 2023 and 2022, respectively.

The Organization leases various facilities through its Parent. The Organization's primary operations are in a building owned by the Parent and also operates satellite offices that are leased by the Parent. The Organization pays the Parent approximately \$ 43,000 per month for these facilities. In addition, the Parent provided approximately \$ 3,500 in donated facility use in connection with a satellite office for the year ended June 30, 2022.

The Parent maintains a single-employer, noncontributory defined benefit (cash balance) pension plan (the "Plan") covering substantially all full-time and part-time eligible employees. Employees are eligible for Plan participation after completing one year of credited service and the attainment of age 21. Benefits are vested after five years of credited service. Normal retirement age under the Plan is 65 with provisions for early retirement if the participant is between 55-64 years of age and has attained five years of credited service. The Organization's portion of pension plan expenses, including other-post employment benefits, for the years ended June 30, 2023 and 2022 were approximately \$ 590,000 and \$ 483,000, respectively. In addition, the Organization recorded a change in value of pension and other post-employment benefits for the years ended June 30, 2023 and 2022 of approximately \$ 460,000 and \$ (516,000), respectively.

Effective January 1, 1990, the Parent implemented a defined contribution plan, the Star Plus 403(b) Plan, (the "403(b) Plan") for all employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings or losses. Employees are eligible to participate immediately, and full-time and part-time employees are eligible for employer matching contributions upon completion of one year of service. The Parent's Board of Directors approved the 403(b) Plan, which requires an employer contribution match of 100% of the employee's contribution not to exceed 1% of the employee's compensation (subject to limitations) and 35% of the employee's contribution between 1% and 4% of the employee's compensation. The Organization's portion of employer contributions for the years ended June 30, 2023 and 2022 were approximately \$ 199,000 and \$ 172,000, respectively.

Note 8 - Net Patient Service Revenue

Net patient service revenue consisted of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Gross patient service revenue	\$ 4,097,351	\$ 4,701,904
Contractual allowances:		
Medicare	14,102	52,647
Medicaid	18,978	41,396
HMO/PPO	1,193,054	1,671,683
Other	<u>505,132</u>	<u>777,077</u>
Total allowances	<u>1,731,266</u>	<u>2,542,803</u>
Provision for bad debt, net	<u>227,785</u>	<u>(50,245)</u>
Total deductions from patient service revenue	<u>1,959,051</u>	<u>2,492,558</u>
Net patient service revenue	<u>\$ 2,138,300</u>	<u>\$ 2,209,346</u>

Patient service revenue net of contractual allowances, and bad debt by payor consisted of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Medicare	\$ 15,097	\$ 23,967
Medicaid	14,253	20,352
HMO/PPO	2,481,269	2,326,265
Other	<u>(372,319)</u>	<u>(161,238)</u>
Total net patient service revenue	<u>\$ 2,138,300</u>	<u>\$ 2,209,346</u>

Note 9 - Operating Lease

In July 2022, the Organization extended their operating lease agreement for office space. The lease expires on June 30, 2034 and the Organization has the option to renew the lease for an additional term of ten years. Monthly rent payments are approximately \$ 35,000, subject to an annual 3% increase.

The right-of-use asset and corresponding liability associated with the future lease payments at June 30, 2023 are approximately as follows:

	<u>Operating</u>
Right-of-use assets	\$ 3,950,243
Lease liability	\$ 3,999,779
Weighted average:	
Discount rate	3.81%
Remaining lease term (years)	11

Note 9 - Operating Lease (continued)

Total lease cost reported in the statement of operations for the year ended June 30, 2023 was approximately \$ 460,000.

Operating lease payments are expected to be paid approximately as follows:

Year Ending June 30,	Amount
2024	\$ 423,000
2025	436,000
2026	449,000
2027	462,000
2028	476,000
Thereafter	<u>2,605,000</u>
	4,851,000
Less: Present Value Discount	<u>(851,000)</u>
	<u>\$ 4,000,000</u>

Note 10 - Commitments and Contingencies

Contingency: The Organization receives a significant portion of its funding from federal, state and local grants that are renewed depending on the availability of funds and the Organization's compliance with the requirements of the contracts and grants. Therefore, continued funding under these grants is not guaranteed. A significant reduction in the level of funding, if this were to occur, would have an effect on the Organization's ability to carry out its programs and activities.

Grant monies received and disbursed by the Organization are for specific purposes and are subject to audit by the grantor agencies. Such audit may result in requests for reimbursements due to disallowed expenditures. Based upon prior experiences, the Organization does not believe that such disallowance, if any, would have a material effect on the financial position of the Organization.

Litigation: From time to time, the Organization is involved in legal proceedings arising in the ordinary course of business. The Organization believes there is no pending litigation against it that could have, individually or in the aggregate, a material adverse effect on its financial position, results of activities or cash flows.

SUPPLEMENTAL INFORMATION



Children's Diagnostic & Treatment Center, Inc.
Schedule of Explicit and Discrete Disclosure for Broward County Grant
For the Year Ended June 30, 2023

<u>Program</u>	<u>Contract Grant Number</u>	<u>Expenditures</u>
Broward County - Children's Services Administration Division - Medical Home	18-CP-CSA-8477-01	\$ 252,604
Medical Home	22-CP-CSA-0895-01	<u>894,502</u>
Total Expenditures of Broward County Grant		<u>\$ 1,147,106</u>

**Children's Diagnostic & Treatment Center, Inc.
Schedule of Broward County Revenue and Expenses
For the Year Ended June 30, 2023**

	Medical Home 22-CP-CSA -0895-01	Option Period #1 Medical Home 22-CP-CSA -0895-01
Grant Revenue	\$ <u>172,581</u>	\$ <u>539,471</u>
Direct Expenses:		
Salaries	168,500	599,304
Employee benefits	42,343	146,608
Supplies	348	6,467
Insurance	-	-
Utilities	1,141	2,629
Other	<u>10,270</u>	<u>36,051</u>
Total direct expenses	222,602	791,059
Common Services Allocation	12,136	32,547
Administrative Allocation	<u>17,866</u>	<u>70,896</u>
Total expenses	<u>252,604</u>	<u>894,502</u>
Excess (deficiency) of revenue over expenses	\$ <u><u>(80,023)</u></u>	\$ <u><u>(355,031)</u></u>

**Children's Diagnostic & Treatment Center, Inc.
Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Year Ended June 30, 2023**

Federal/State Grantor/Pass-through Grantor/ Federal Program/State Project or Cluster Title	CFDA/CSFA No.	Contract/Grant No.	Expenditures	Transfers to Subrecipients
Federal Agency Name:				
Direct Programs:				
U.S. Department of Health and Human Services -				
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	6 H12HA24787-09-01	\$ 110,809	\$ -
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	2 H12HA24787-10-00	1,505,849	-
		93.153 Total	<u>1,616,658</u>	<u>-</u>
Indirect Programs:				
Pass-through State of Florida - Department of Health -				
HIV Prevention Activities - Health Department Based (TOPWA)	93.940	CODTB	96,605	-
Children's Medical Services Pediatric HIV	93.994	COQVV R2A0	130,378	-
HIV Care Formula Grants	93.917	BW737 R3	2,348	-
HIV Care Formula Grants	93.917	BW737 R2	1,777	-
		93.917 Total	<u>4,125</u>	<u>-</u>
Research and Development Cluster:				
Pass-through Harvard School of Public Health -				
Child Health and Human Development Extramural Research (AMP)	93.865	5P01HD103133-02 (Sub: 117267-0220-5119032)	8,719	-
Child Health and Human Development Extramural Research (SMARTT)	93.865	5P01HD103133-02 (Sub: 117267-0222-5119034)	1,680	-
Child Health and Human Development Extramural Research (SMARTT)	93.865	5P01HD103133-03 (Sub: 117267-0222-5119034)	205,676	-
Child Health and Human Development Extramural Research (SMARTT)	93.865	5P01HD103133-03 (Sub: 117267-0220-5119032)	93,734	-
Child Health and Human Development Extramural Research (SMARTT)	93.865	5R01HD101351-02 (Sub: 117267-0321-5125241)	39,943	-
		93.865 Total	<u>349,752</u>	<u>-</u>
Total Research and Development Cluster			<u>349,752</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>2,547,270</u>	<u>-</u>
U.S. Department of Education - Pass-through State of Florida Department of Health -				
Special Education-Grants for Infants and Families (EIP)	84.181	COQZD A3	2,900,389	-
Total Expenditures of Federal Awards			<u>\$ 5,097,907</u>	<u>\$ -</u>

See notes to schedule of expenditures of federal awards and state financial assistance.

Children's Diagnostic & Treatment Center, Inc.
Schedule of Expenditures of Federal Awards
and State Financial Assistance
(Continued)
For the Year Ended June 30, 2023

Federal/State Grantor/Pass-through Grantor/ Federal Program/State Project or Cluster Title	CFDA/CSFA No.	Contract/Grant No.	Expenditures	Transfers to Subrecipients
State Agency Name:				
Direct Projects:				
State of Florida, Department of Health -				
Children's Special Health Care - Developmental Evaluation	64.022	COQZD A3	\$ <u>5,943,206</u>	\$ <u>-</u>
Total Expenditures of State Financial Assistance			\$ <u><u>5,943,206</u></u>	\$ <u><u>-</u></u>

See notes to schedule of expenditures of federal awards and state financial assistance.

Children's Diagnostic & Treatment Center, Inc.
Notes to Schedule of Expenditures of Federal Awards and
State Financial Assistance
June 30, 2023

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the activity of all federal awards and state financial assistance of Children's Diagnostic & Treatment Center, Inc. (the "Organization") for the year ended June 30, 2023.

Note 2 - Basis of Presentation

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

Note 3 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 4 - Indirect Cost Rate

The Organization did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5 - Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Organization. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and other applicable regulations.

INTERNAL CONTROLS AND COMPLIANCE



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
Children's Diagnostic & Treatment Center, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Children's Diagnostic & Treatment Center, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

CPAs + Trusted Advisors

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 17, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650,
RULES OF THE AUDITOR GENERAL

To the Board of Directors
Children's Diagnostic & Treatment Center, Inc.

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the Children's Diagnostic & Treatment Center, Inc.'s (a nonprofit organization) (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2023. The Organization's major federal programs and state projects 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 and state projects for the year ended June 30, 2023

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 and Chapter 10.650, *Rules of the Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Children's Diagnostic & Treatment Center, Inc. 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 and state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

CPAs + Trusted Advisors

Responsibilities of Management for Compliance

Management is responsible for compliance with federal and state 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 and state projects.

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*, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for 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 and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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.
- 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 and Chapter 10.650, *Rules of the Auditor General*, 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.

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 and/or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 and/or state project 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 and/or state project 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 were not identified.

Our audit 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 the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 17, 2023

**Children's Diagnostic & Treatment Center, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Programs and State Projects

Internal control over major federal programs and state projects:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Type of auditor's report issued on compliance for major federal programs and state projects:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) and Chapter 10.650, *Rules of the Auditor General* ?

_____ yes X no

Identification of major federal program(s) and state project(s):

<u>CFDA No.</u>	<u>Federal Program(s)</u>
84.181	U.S. Department of Education - Special Education - Grants for Infants and Families

<u>CSFA No.</u>	<u>State Project(s)</u>
64.022	State of Florida Department of Health - Children's Special Health Care - Developmental Evaluation

Dollar threshold used to distinguish between Type A and Type B programs/projects:

\$ 750,000 federal programs and state projects

Auditee qualified as low-risk auditee?

 X yes _____ no

**Children's Diagnostic & Treatment Center, Inc.
Schedule of Findings and Questioned Costs
(Continued)
For the Year Ended June 30, 2023**

SECTION II - FINANCIAL STATEMENTS FINDINGS

None Reported.

SECTION III - FEDERAL PROGRAMS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None Reported.

SECTION IV - PRIOR YEAR AUDIT FINDINGS

None Reported.