

**Children’s Diagnostic &
Treatment Center, Inc.**

Financial Statements and
Additional Information
For the Years Ended June 30, 2024 and 2023

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), which comprise the statement of financial position as of June 30, 2024, and the 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 2024 financial statements referred to above present fairly, in all material respects, the financial position of Children's Diagnostic & Treatment Center, Inc. as of June 30, 2024, 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.

Prior Period Financial Statements

The financial statements of Children's Diagnostic & Treatment Center, Inc. as of June 30, 2023, were audited by other auditors whose report dated October 17, 2023, expressed an unmodified opinion on those statements.

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*. 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 Children's Diagnostic & Treatment Center, Inc. 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

Responsibilities of Management for the Financial Statements (continued)

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 Children's Diagnostic & Treatment Center, Inc.'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 judgment 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 purpose of expressing an opinion on the effectiveness of Children's Diagnostic & Treatment Center, Inc.'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 Children's Diagnostic & Treatment Center, Inc.'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 related matters that we identified during the audit.

Report on 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 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 December 27, 2024 on our consideration of Children's Diagnostic and Treatment Center, Inc.'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 Children's Diagnostic and Treatment Center, Inc.'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 Children's Diagnostic and Treatment Center Inc.'s internal control over financial reporting and compliance.



Fort Lauderdale, Florida
December 27, 2024

FINANCIAL STATEMENTS

Children's Diagnostic & Treatment Center, Inc.
Statements of Financial Position
June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets:						
Cash and cash equivalents	\$ 2,563,420	\$ -	\$ 2,563,420	\$ 731,629	\$ -	\$ 731,629
Due from patients and others, net of allowance for uncollectibles	1,818,172	-	1,818,172	1,238,102	-	1,238,102
Grant receivables	2,340,254	-	2,340,254	2,254,685	-	2,254,685
Other assets	542,976	-	542,976	669,559	-	669,559
Total current assets	<u>7,264,822</u>	<u>-</u>	<u>7,264,822</u>	<u>4,893,975</u>	<u>-</u>	<u>4,893,975</u>
Other Assets:						
Operating lease right-of-use asset	3,618,589	-	3,618,589	3,950,243	-	3,950,243
Property and equipment, net	1,361,008	-	1,361,008	1,353,080	-	1,353,080
Total assets	<u>\$ 12,244,419</u>	<u>\$ -</u>	<u>\$ 12,244,419</u>	<u>\$ 10,197,298</u>	<u>\$ -</u>	<u>\$ 10,197,298</u>
Current Liabilities:						
Accounts payable and accrued expenses	\$ 1,178,742	\$ -	\$ 1,178,742	\$ 1,034,683	\$ -	\$ 1,034,683
Accrued salaries	122,279	-	122,279	548,546	-	548,546
Refundable advances	289,215	-	289,215	362,947	-	362,947
Current portion of operating lease liability	300,104	-	300,104	276,440	-	276,440
Accrued leave benefits	623,201	-	623,201	696,154	-	696,154
Total current liabilities	<u>2,513,541</u>	<u>-</u>	<u>2,513,541</u>	<u>2,918,770</u>	<u>-</u>	<u>2,918,770</u>
Other Liabilities:						
Operating lease liability, net of current portion	3,423,235	-	3,423,235	3,723,339	-	3,723,339
Due to Parent	12,494,633	-	12,494,633	9,064,188	-	9,064,188
Total liabilities	<u>18,431,409</u>	<u>-</u>	<u>18,431,409</u>	<u>15,706,297</u>	<u>-</u>	<u>15,706,297</u>
Net Assets (Deficit):						
Without donor restrictions:						
Undesignated (deficit)	<u>(6,186,990)</u>	<u>-</u>	<u>(6,186,990)</u>	<u>(5,508,999)</u>	<u>-</u>	<u>(5,508,999)</u>
Total net assets (deficit)	<u>(6,186,990)</u>	<u>-</u>	<u>(6,186,990)</u>	<u>(5,508,999)</u>	<u>-</u>	<u>(5,508,999)</u>
Total liabilities and net assets	<u>\$ 12,244,419</u>	<u>\$ -</u>	<u>\$ 12,244,419</u>	<u>\$ 10,197,298</u>	<u>\$ -</u>	<u>\$ 10,197,298</u>

See accompanying notes to financial statements.

Children's Diagnostic & Treatment Center, Inc.
Statements of Activities
For the Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Public Support:						
Grant revenue	\$ 13,836,143	\$ -	\$ 13,836,143	\$ 12,454,101	\$ -	\$ 12,454,101
Contract revenue	241,484	-	241,484	153,822	-	153,822
Contributions and donations	874,028	-	874,028	651,315	156,842	808,157
Net patient service revenue	2,804,288	-	2,804,288	2,366,085	-	2,366,085
Pharmacy revenue	6,058,620	-	6,058,620	4,416,839	-	4,416,839
Subsidy from Parent	1,439,709	-	1,439,709	1,522,819	-	1,522,819
Other revenue	177,516	-	177,516	2,032,528	-	2,032,528
Net assets released from restrictions	-	-	-	889,423	(889,423)	-
Total revenue and public support	25,431,788	-	25,431,788	24,486,932	(732,581)	23,754,351
Expenses:						
Program services	24,139,537	-	24,139,537	22,200,878	-	22,200,878
Supporting services:						
Management and general	1,953,453	-	1,953,453	526,344	-	526,344
Fundraising and development	16,789	-	16,789	285,724	-	285,724
Total supporting services	1,970,242	-	1,970,242	812,068	-	812,068
Total expenses	26,109,779	-	26,109,779	23,012,946	-	23,012,946
Change in net assets	(677,991)	-	(677,991)	1,473,986	(732,581)	741,405
Net Assets, Beginning of Year	(5,508,999)	-	(5,508,999)	(6,982,985)	732,581	(6,250,404)
Net Assets, End of Year	\$ (6,186,990)	\$ -	\$ (6,186,990)	\$ (5,508,999)	\$ -	\$ (5,508,999)

See accompanying notes to financial statements.

Children's Diagnostic & Treatment Center, Inc.
Statement of Functional Expense
For the Year Ended June 30, 2024

	Program Services					Supporting Services			Total Expenses
	Comprehensive		Primary Care	Other Programs	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	
	Early Steps	Family AIDS Program							
Personnel Costs:									
Payroll general staff	\$ 4,784,879	\$ 1,434,022	\$ 454,372	\$ 2,433,130	\$ 9,106,403	\$ 1,037,374	\$ 122	\$ 1,037,496	\$ 10,143,899
Payroll physician	139,423	54,028	257,219	292,755	743,425	-	-	-	743,425
Agency	-	8,824	51,864	(23,567)	37,121	48,013	-	48,013	85,134
Employee benefits	<u>1,354,061</u>	<u>397,923</u>	<u>198,353</u>	<u>742,411</u>	<u>2,692,748</u>	<u>(45,055)</u>	<u>13</u>	<u>(45,042)</u>	<u>2,647,706</u>
Total personnel costs	6,278,363	1,894,797	961,808	3,444,729	12,579,697	1,040,332	135	1,040,467	13,620,164
Other Expenses:									
Common services	576,051	164,708	72,499	333,328	1,146,586	(6,858)	-	(6,858)	1,139,728
Fees	4,056,869	9,383	15,354	88,175	4,169,781	292,941	200	293,141	4,462,922
Insurance	-	-	-	162	162	10,256	-	10,256	10,418
Leases and rentals	217,876	60,926	28,443	93,718	400,963	81,430	-	81,430	482,393
Other expenses	274,448	21,813	41,899	200,949	539,109	11,082	13,333	24,415	563,524
Provision for uncollectible accounts	-	-	-	-	-	354,875	-	354,875	354,875
Repairs and maintenance	1,103	1,775	6,823	3,202	12,903	27,456	-	27,456	40,359
Supplies	48,664	42,835	46,624	4,869,648	5,007,771	24,821	2,414	27,235	5,035,006
Utilities	<u>109,075</u>	<u>31,952</u>	<u>12,332</u>	<u>75,562</u>	<u>228,921</u>	<u>35,400</u>	<u>707</u>	<u>36,107</u>	<u>265,028</u>
Total other expenses	5,284,086	333,392	223,974	5,664,744	11,506,196	831,403	16,654	848,057	12,354,253
Depreciation	<u>15,779</u>	<u>1,440</u>	<u>7,117</u>	<u>29,308</u>	<u>53,644</u>	<u>81,718</u>	<u>-</u>	<u>81,718</u>	<u>135,362</u>
Total expenses	<u>\$ 11,578,228</u>	<u>\$ 2,229,629</u>	<u>\$ 1,192,899</u>	<u>\$ 9,138,781</u>	<u>\$ 24,139,537</u>	<u>\$ 1,953,453</u>	<u>\$ 16,789</u>	<u>\$ 1,970,242</u>	<u>\$ 26,109,779</u>

See accompanying notes to financial statements.

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

	Program Services				Supporting Services			Total 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>(602,575)</u>	<u>8,294</u>	<u>(594,281)</u>	<u>1,839,050</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>371,088</u>	<u>46,642</u>	<u>417,730</u>	<u>12,668,835</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	-	-	-	-	-	(229,187)	-	(229,187)	(229,187)
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	14,641	42,121	129,604	412,933	18,748	102,244	120,992	533,925
Provision for uncollectible accounts	-	-	-	-	-	227,785	-	227,785	227,785
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>33,567</u>	<u>1,838</u>	<u>35,405</u>	<u>247,112</u>
Total other expenses	<u>4,564,386</u>	<u>218,663</u>	<u>200,718</u>	<u>4,936,737</u>	<u>9,920,504</u>	<u>73,663</u>	<u>239,082</u>	<u>312,745</u>	<u>10,233,249</u>
Depreciation	<u>8,850</u>	<u>1,478</u>	<u>7,766</u>	<u>11,175</u>	<u>29,269</u>	<u>81,593</u>	<u>-</u>	<u>81,593</u>	<u>110,862</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>\$ 526,344</u>	<u>\$ 285,724</u>	<u>\$ 812,068</u>	<u>\$ 23,012,946</u>

See accompanying notes to financial statements.

Children's Diagnostic & Treatment Center, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (677,991)	\$ 741,405
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	135,362	110,862
Provision for uncollectible accounts	354,875	227,785
Reduction in the carrying amount of right-of-use asset - operating lease	331,654	309,850
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Due from patients and others, net	(934,945)	(384,534)
Grants receivable	(85,569)	363,721
Other assets	126,583	(233,792)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	144,059	53,851
Accrued salaries	(426,267)	35,456
Refundable advances	(73,732)	(390,490)
Operating lease liability	(276,440)	(260,314)
Accrued leave benefits	(72,953)	100,008
Net cash provided by (used in) operating activities	<u>(1,455,364)</u>	<u>673,808</u>
Cash Flows From Investing Activities:		
Purchases of property and equipment	<u>(143,290)</u>	<u>(137,692)</u>
Net cash used in investing activities	<u>(143,290)</u>	<u>(137,692)</u>
Cash Flows From Financing Activities:		
Due to Parent	<u>3,430,445</u>	<u>(1,560,980)</u>
Net cash provided by (used in) financing activities	<u>3,430,445</u>	<u>(1,560,980)</u>
Net increase (decrease) in cash and cash equivalents	1,831,791	(1,024,864)
Cash and Cash Equivalents, Beginning of Year	<u>731,629</u>	<u>1,756,493</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,563,420</u>	<u>\$ 731,629</u>

See accompanying notes to financial 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 (GAAP). Revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the recommendations of GAAP, whereby, 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. At June 30, 2024 and 2023, there were no cash equivalents.

Recently Adopted Accounting Standards: In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326) ("ASC 326"), along with subsequently issued related ASUs, which requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. ASC 326 eliminates the probable initial threshold for recognition of credit losses for financial assets recorded at amortized cost, which could result in earlier recognition of credit losses. It utilizes a lifetime expected credit loss measurement model for the recognition of credit losses at the time the financial asset is originated or acquired. The Organization's financial instruments include accounts receivable. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The Organization adopted ASC 326 using the modified retrospective method on July 1, 2023, and it did not have a material impact on the financial statements.

Due from patients and others: Due from patients and others is reduced by an allowance for credit losses. The Organization assesses collectability by reviewing accounts receivable on a collective basis where similar risk characteristics exist. In determining the amounts of the allowance for credit losses, the Organization considers historical collectability and makes judgements about the creditworthiness of the pool of customers based on credit evaluations. Current market conditions and reasonable supportable forecasts of future economic conditions adjust the historical losses to determine the appropriate allowance for credit losses.

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 credit losses. The allowance for credit losses was approximately \$ 944,000 and \$ 600,000 as of June 30, 2024 and 2023, 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, 2024 and 2023 and a provision for uncollectible accounts is not necessary.

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 as incurred.

Note 2 - Summary of Significant Accounting Policies (continued)

Leases: At lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. Leases are included in operating lease right-of-use ("ROU") assets and lease liabilities on the balance sheet. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. The Organization does not report ROU assets and lease liabilities for its short term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

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. At June 30, 2024 and 2023, there were no unconditional or conditional promises to give.

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 program income from services is 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 health/medical 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.

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 each class of patients.

Note 2 - Summary of Significant Accounting Policies (continued)

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. Contributed goods are recorded at their estimated fair market value when received. During the years ended June 30, 2024 and 2023, no significant contributions of services were received.

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, 2024 or 2023.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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, 2024 and 2023, there was approximately \$ 2,063,000 and \$ 265,000, 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: In accordance with GAAP, the Organization has evaluated subsequent events through December 27, 2024, the date on which these financial statements were available to be issued. There were no material subsequent events that required additional disclosure or recognition in these consolidated 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:

	<u>2024</u>	<u>2023</u>
Financial Assets:		
Cash and cash equivalents	\$ 2,563,420	\$ 731,629
Due from patients and others, net of allowance for uncollectibles	1,818,172	1,238,102
Grant receivables	2,340,254	2,254,685
Other accounts receivable	<u>86,532</u>	<u>85,085</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	\$ <u><u>6,808,378</u></u>	\$ <u><u>4,309,501</u></u>

Note 3 – Liquidity and Availability (continued)

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures.

Note 4 - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Building improvements	\$ 1,483,070	\$ 1,442,476
Furniture and fixtures	865,370	826,117
Computer equipment	318,437	319,194
Land improvements	<u>15,280</u>	<u>15,280</u>
	2,682,157	2,603,067
Less: accumulated depreciation	<u>1,431,557</u>	<u>1,296,195</u>
	1,250,600	1,306,872
Construction-in-progress	<u>110,408</u>	<u>46,208</u>
	<u>\$ 1,361,008</u>	<u>\$ 1,353,080</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, 2024 and 2023, Due to Parent was approximately \$ 12,495,000 and \$ 9,064,000, respectively.

Note 6 - 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, 2024 and 2023, 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 \$ 1,440,000 and \$ 1,523,000 for the years ended June 30, 2024 and 2023, respectively.

The Organization leases various facilities through its Parent. The Organization’s primary operations are in a building owned by the Parent. The Organization paid the Parent approximately \$ 36,000 per month for these facilities in 2024 and approximately \$43,000 per month in 2023. See Note 8 for additional information on the leases.

Note 6 - Related Party Transactions (continued)

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, 2024 and 2023 were approximately \$ 448,000 and \$ 590,000, respectively. In addition, the Organization recorded a change in value of pension and other post-employment benefits for the years ended June 30, 2024 and 2023 of approximately \$ 288,000 and \$ 507,000, 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, 2024 and 2023 were approximately \$ 215,000 and \$ 199,000, respectively.

Note 7 - Net Patient Service Revenue

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

	<u>2024</u>	<u>2023</u>
Gross patient service revenue	\$ 4,947,324	\$ 4,097,351
Contractual allowances:		
Medicare	20,944	14,102
Medicaid	23,127	18,978
HMO/PPO	1,315,669	1,193,054
Commercial	783,296	505,132
Total allowances	<u>2,143,036</u>	<u>1,731,266</u>
Net patient service revenue	\$ <u>2,804,288</u>	\$ <u>2,366,085</u>

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

	<u>2024</u>	<u>2023</u>
Medicare	\$ 38,519	\$ 15,097
Medicaid	37,581	14,253
HMO/PPO	2,842,296	2,481,269
Commercial	<u>(114,108)</u>	<u>(144,534)</u>
Net patient service revenue	\$ <u>2,804,288</u>	\$ <u>2,366,085</u>

Note 8 - 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. The Organization did not include the option as it was determined that it was unlikely that they would utilize the space. Monthly rent payments are approximately \$ 36,000, subject to an annual 3% increase.

The discount rate 3.81% was determined using the Organization's incremental borrowing rate. The lease has a weighted average remaining lease term of 9.26 years at June 30, 2024. Total lease cost reported in the statement of activities for the year ended June 30, 2024 was approximately \$ 478,500. Total cash payments for the lease were approximately \$ 423,300 for the year ended June 30, 2024.

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

Year Ending June 30,	Amount
2025	\$ 436,000
2026	449,000
2027	463,000
2028	476,000
2029	491,000
Thereafter	<u>2,115,000</u>
	4,430,000
Less: Present Value Discount	<u>(706,000)</u>
	<u>\$ 3,724,000</u>

Note 9 - 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.

Note 10 - 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 11 – Current Expected Credit Losses

Changes in allowance for credit losses during the year were as follows:

Balance, beginning of year	\$	598,265
Bad debt expense		354,875
Write-offs		(11,286)
Recoveries		2,372
Balance, end of year	\$	<u>944,226</u>

SUPPLEMENTAL INFORMATION

**Children's Diagnostic & Treatment Center, Inc.
Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Year Ended June 30, 2024**

Federal/State Grantor/Pass-through Grantor/ Federal Program/State Project or Cluster Title	Assistance Listing No./CSFA No.	Pass-Through Entity Identifying Number/State Contract/Grant No.	Expenditures	Provided 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	-	\$ 136,922	\$ -
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	-	<u>1,419,050</u>	<u>-</u>
		93.153 Total	<u>1,555,972</u>	<u>-</u>
Indirect Programs:				
Pass-through State of Florida - Department of Health -				
HIV Prevention Activities - Health Department Based (TOPWA)	93.940	CODTB	<u>187,320</u>	<u>-</u>
Children's Medical Services Pediatric HIV	93.994	COQVV R2A0	<u>178,412</u>	<u>-</u>
HIV Care Formula Grants	93.917	BW737 R3	2,348	-
HIV Care Formula Grants	93.917	BW803 R3	<u>24,334</u>	<u>-</u>
		93.917 Total	<u>26,682</u>	<u>-</u>
Research and Development Cluster:				
Pass-through Harvard School of Public Health -				
Child Health and Human Development Extramural Research (AMP)	93.865	5P01HD103133-04 (Sub: 117267-0420-5119032)	96,523	-
Child Health and Human Development Extramural Research (SMARTT)	93.865	5P01HD103133-04 (Sub: 117267-0222-5119034)	210,783	-
Child Health and Human Development Extramural Research (SMARTT)	93.865	5R01HD101351-03 (Sub: 117270-5112853)	59,351	-
Child Health and Human Development Extramural Research (SMARTT)	93.865	5P01HD103133-04 (Sub:117267-0421-5125241)	<u>196</u>	<u>-</u>
		93.865 Total	<u>366,853</u>	<u>-</u>
Total Research and Development Cluster			<u>366,853</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>2,315,239</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	<u>3,663,417</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 5,978,656</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, 2024

Federal/State Grantor/Pass-through Grantor/ Federal Program/State Project or Cluster Title	Assistance Listing No./CSFA No.	Pass-Through Entity Identifying Number/State 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	\$ 5,968,563	\$ -
Total Expenditures of State Financial Assistance			\$ 5,968,563	\$ -

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, 2024

Note 1 - Basis of Presentation

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, 2024. 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*. 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, changes in net assets, or cash flows of the Organization.

Note 2 - 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 3 - Indirect Cost Rate

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

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 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, 2024, 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 December 27, 2024.

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.

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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.



Fort Lauderdale
December 27, 2024

**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 FLORIDA 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, 2024. 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, 2024.

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.

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.

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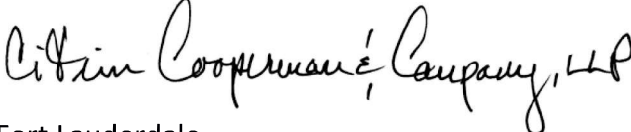
Report on Internal Control over Compliance

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.



Fort Lauderdale
December 27, 2024

**Children's Diagnostic & Treatment Center, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2024**

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):

Assistance

Listing No.

Name of Federal Program or Cluster

84.181

U.S. Department of Education -
 Special Education -
 Grants for Infants and Families

CSFA No.

Name of State Project or Cluster

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, 2024**

SECTION II - FINANCIAL STATEMENTS FINDINGS

None Reported.

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

None Reported.