

**FLORIDA PREGNANCY CARE  
NETWORK, INC.  
Tallahassee, Florida**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**June 30, 2024 and 2023**

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W. FREDERICK THOMSON (1943-2024)

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Florida Pregnancy Care Network, Inc.  
Tallahassee, Florida

### *Opinion*

We have audited the accompanying financial statements of Florida Pregnancy Care Network, Inc. (a Florida nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 present fairly, in all material respects, the financial position of Florida Pregnancy Care Network, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Florida Pregnancy Care Network, 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 opinions.

### *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.

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 Florida Pregnancy Care Network, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### *Auditors' 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 Florida Pregnancy Care Network, 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 Florida Pregnancy Care Network, 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.

### ***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 state financial assistance, as required by Chapter 10.650, *Rules of the State of Florida Auditor General*, and 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 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 March 24, 2025 on our consideration of Florida Pregnancy Care Network, 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 Florida Pregnancy Care Network, 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 Florida Pregnancy Care Network, Inc.'s internal control over financial reporting and compliance.

*Thomson Black & Veatch Company*

Tallahassee, Florida  
March 24, 2025

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2024 and 2023**

	2024	2023
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 14,504,765	\$ 56,447
Grants receivable	5,138,120	651,145
Prepaid expenses	203,609	-
Security deposits	400	400
<b>TOTAL CURRENT ASSETS</b>	19,846,894	707,992
<b>NONCURRENT ASSETS</b>		
Property and equipment, net	207,565	192,462
Right of use asset	17,711	34,899
	\$ 20,072,170	\$ 935,353
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 517,483	\$ 134,845
Due back to grantor	10,334,098	61,067
Service provider payables	1,390,204	482,793
Obligated advance (Note 9)	7,369,690	-
Lease payable - operating	17,711	17,711
<b>TOTAL CURRENT LIABILITIES</b>	19,629,186	696,416
<b>NONCURRENT LIABILITIES</b>		
Lease payable - operating	-	17,188
<b>TOTAL LIABILITIES</b>	19,629,186	713,604
<b>NET ASSETS</b>		
Without donor restriction	442,984	221,749
	\$ 20,072,170	\$ 935,353

See accompanying notes.

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS		
FPSSP grant/contract	\$ 11,600,217	\$ 3,602,026
Contributions	2,625	2,906
Donated services	<u>2,500</u>	<u>2,400</u>
 TOTAL REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS	 11,605,342	 3,607,332
 EXPENSES		
FPSS program services	11,222,946	3,501,383
General and administrative	<u>161,161</u>	<u>86,210</u>
 TOTAL EXPENSES	 <u>11,384,107</u>	 <u>3,587,593</u>
 CHANGE IN NET ASSETS	 221,235	 19,739
 NET ASSETS, BEGINNING OF YEAR	 <u>221,749</u>	 <u>202,010</u>
 NET ASSETS, END OF YEAR \$	 <u><u>442,984</u></u>	 \$ <u><u>221,749</u></u>

See accompanying notes.

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2024**

	<u>FPSS</u> <u>Program</u>	<u>General and</u> <u>Administrative</u>	<u>Total</u>
Direct counseling	\$ 7,315,459	\$ -	\$ 7,315,459
Program education tools and materials	1,894,122	-	1,894,122
Program awareness campaign	979,761	-	979,761
Program wellness service	550,931	-	550,931
Salaries & wages	190,193	36,287	226,480
Call center	103,559	-	103,559
Professional fees	-	100,532	100,532
Depreciation	29,306	5,591	34,897
Training	30,724	1,166	31,890
Client in-take system support	25,000	-	25,000
Employee benefit	15,235	2,907	18,142
Lease	15,116	2,884	18,000
Payroll taxes	14,446	2,756	17,202
IT support	13,491	2,574	16,065
Travel	11,644	-	11,644
Printing	6,444	1,230	7,674
Contract labor	5,983	1,141	7,124
Office cleaning	3,527	673	4,200
Supplies	3,370	643	4,013
Telephone & communications	3,309	631	3,940
Website hosting	3,041	580	3,621
Other expenses	1,961	373	2,334
Insurance	1,835	350	2,185
Utilities	1,516	289	1,805
Security	1,318	252	1,570
Postage & delivery	802	153	955
Equipment rental	700	133	833
Awards and recognition	84	16	100
Contributions	69	-	69
Interest	-	-	-
	<u>\$ 11,222,946</u>	<u>\$ 161,161</u>	<u>\$ 11,384,107</u>

See accompanying notes.

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2023**

	<u>FPSS</u> <u>Program</u>	<u>General and</u> <u>Administrative</u>	<u>Total</u>
Direct counseling	\$ 2,759,233	\$ -	\$ 2,759,233
Program education tools and materials	-	-	-
Program awareness campaign	159,952	-	159,952
Program wellness service	280,881	-	280,881
Salaries & wages	116,352	33,797	150,149
Call center	76,097	-	76,097
Professional fees	-	24,134	24,134
Depreciation	21,374	6,208	27,582
Training	10,481	609	11,090
Client in-take system support	-	-	-
Employee benefit	10,590	3,076	13,666
Lease	13,483	3,917	17,400
Payroll taxes	8,911	2,589	11,500
IT support	13,101	3,805	16,906
Travel	2,660	-	2,660
Printing	2,974	864	3,838
Contract labor	6,899	2,004	8,903
Office cleaning	1,813	527	2,340
Supplies	1,714	498	2,212
Telephone & communications	3,219	935	4,154
Website hosting	914	265	1,179
Other expenses	1,614	469	2,083
Insurance	1,589	462	2,051
Utilities	1,087	316	1,403
Security	3,403	989	4,392
Postage & delivery	1,290	375	1,665
Equipment rental	609	177	786
Awards and recognition	335	97	432
Contributions	808	-	808
Interest	-	97	97
	<u>\$ 3,501,383</u>	<u>\$ 86,210</u>	<u>\$ 3,587,593</u>

See accompanying notes.

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2024 and 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 221,235	\$ 19,739
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	34,897	27,582
(Increase) decrease in:		
Grants receivable	(4,486,975)	275,309
Prepaid expenses	(203,609)	425
Increase (decrease) in:		
Accounts payable and accrued expenses	382,638	(180,505)
Due back to grantor	10,273,031	11,803
Obligated advance	7,369,690	-
Service provider payables	907,411	(141,779)
	14,498,318	12,574
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>14,498,318</b>	<b>12,574</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(50,000)	(51,640)
	(50,000)	(51,640)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(50,000)</b>	<b>(51,640)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>14,448,318</b>	<b>(39,066)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>56,447</b>	<b>95,513</b>
<b>CASH, END OF YEAR \$</b>	<b>14,504,765</b>	<b>\$ 56,447</b>
<b>SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest expense	\$ -	\$ 97

See accompanying notes.

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024 and 2023**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities** - Florida Pregnancy Care Network, Inc. (the “Network”) was incorporated as a Florida nonprofit corporation on August 25, 2005, for the purpose of increasing the availability, quality and awareness of pregnancy support services across the state of Florida. In 2006, the Network began conducting its social service purpose with funding from a contract titled Florida Pregnancy Support Services Program (“FPSSP”). The Network receives funding from Florida Department of Health, Division of Family Health Services to provide deliverable services that include the development and operation of a statewide toll-free hotline; the development of a plan to identify, qualify and train local pregnancy service providers to participate in the program; and the development of a quality assurance, monitoring and compliance plan to oversee that the providers use the state financial assistance in accordance with applicable laws and regulations.

**Basis of Accounting** – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Network’s net assets and changes thereto are classified and reported as follows:

- Net assets without donor restrictions – consists of amounts that are available for use in carrying out the supporting activities of the Network and are not subject to donor-imposed stipulations.
- Net assets with donor restrictions – consists of amounts that are available for the purposes restricted by donors and grantors, or a time restriction. When a restriction is satisfied, the associated amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Cash and Cash Equivalents** - The Network considers all highly liquid investments with a maturity of three (3) months or less when purchased to be cash equivalents.

**Property and Equipment** - Property and equipment consists of office furniture, equipment and software and are considered owned by the Network. However, funding sources may maintain an equitable interest in the property purchased with grant funds as well as rights to determine the use of any proceeds from the sale of these assets. The State of Florida has a reversionary interest in those assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of more than one (1) year.

The Network capitalizes property that is of a non-consumable nature that has an acquisition cost of \$1,000 or more per unit and expected useful life of at least one (1) year. Depreciation is computed using the straight-line method over the estimated useful life of the assets ranging from five (5) to seven years (7).

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024 and 2023**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes** - The Network is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes. Additionally, the Network has been determined not to be a private foundation under Section 509(a) of the Internal Revenue Code.

U.S. GAAP requires that a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

Due to its tax-exempt status, the Network is not subject to U.S. federal income tax or state income tax. The Network’s Form 990 has not been subject to examination by the Internal Revenue Service or the state of Florida for the last three (3) years. The Network does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve (12) months. The Network recognizes interest and/or penalties related to income tax matters in income tax expense. The Network did not have any amounts accrued for interest and penalties at June 30, 2024.

**Contributions** - All contributions including unconditional promises to give, are recognized as revenue in the period the contribution or promise is received. All contributions are available for unrestricted use unless specifically restricted by the donor.

**Donated Services** - Donated services are recognized as contributions in accordance with FASB Codification 958-605, *Revenue Recognition*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Network. For the years ending June 30, 2024 and 2023, the Network recognized in-kind contributions for professional services in the amount of \$2,500 and 2,400, respectively. All in-kind contributions are recorded at fair value in the period donated.

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

**Subsequent Events** - Management has performed an analysis of the activities and transactions subsequent to June 30, 2024, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2024. Management has performed their analysis through March 24, 2025 the date the financial statements were available to be issued.

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024 and 2023**

**NOTE 2 - GRANTS RECEIVABLE**

Grants receivable represent amounts due from the Florida Department of Health, Division of Family Health Services under a fixed-price, fixed-fee, and fixed-price unit cost grant agreement. These receivables reflect amounts payable to the Network for the fiscal year based on the grant agreement's terms.

However, since revenue recognition is contingent upon compliance with grant requirements, a portion of these amounts may ultimately be adjusted or refunded to the grantor if unspent or unearned under the terms of the agreement. As a result, revenue is not recognized until all conditions for retention have been satisfied.

The Network's grants receivable as of June 30, 2024, and 2023, are expected to be collected within one (1) year. Management believes that all recorded receivables are collectible; therefore, no allowance for doubtful accounts is considered necessary at this time.

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<u>Useful Lives</u>	<u>2024</u>	<u>2023</u>
Client intake software	7	\$ 266,640	\$ 216,640
Computer equipment	5 - 7	11,720	11,720
Furniture and fixtures	5 - 7	<u>2,120</u>	<u>2,120</u>
		280,480	230,480
Less: accumulated depreciation		<u>(72,915)</u>	<u>(38,018)</u>
		<u>\$ 207,565</u>	<u>\$ 192,462</u>

Depreciation expense for the years ended June 30, 2024 and 2023, amounted to \$34,897 and \$27,582, respectively.

**NOTE 4 - LINE OF CREDIT**

On February 24, 2024, the Network renewed an unsecured line of credit with a commercial bank. Interest is charged monthly based on the Wall Street Journal Prime Rate plus 2%. As of June 30, 2024 and 2023, the outstanding balance due on the line amounted to \$0 for both years, with a remaining balance available to draw in the amount of \$15,000 for each year. Interest and fee expense incurred on the line of credit for the years ended June 30, 2024 and 2023, amounted to \$0 and \$91, respectively.

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024 and 2023**

**NOTE 5 - CONCENTRATIONS**

Concentration of Revenue Sources

The Network's main source of revenue is derived from funds received from the Florida Department of Health, Division of Family Health Services. For the years ended June 30, 2024 and 2023, the Network received funds from one (1) contract that comprised 99% of its total revenue for each year, respectively.

The Network maintains cash balances at a financial institution located in Florida. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2024 and 2023, the Network's uninsured cash balances totaled \$14,275,618 and \$0, respectively.

**NOTE 6 - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain categories of expenses are attributable to both program, and general and administrative functions. These expenses have been allocated based on estimates of time and effort.

**NOTE 7 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Network's financial assets available to meet cash needs for general expenditures within one (1) year amounted to \$548,893 and \$163,792, respectively, for the years ended June 30, 2024 and 2023. The amounts were made up entirely of cash and grants receivable, less amounts due back to Florida Department of Health and those due to service providers. The Network relies on the Florida Department of Health ("DOH") for its availability of resources. On a monthly basis the Network invoices the DOH for the Pregnancy Support Services Program. A portion of these invoices includes the Network's management fee which is paid based on a fixed fee per provider each month.

This management fee covers the Network's operating and general expenditures. At the end of the fiscal year any unexpended funds are required to be returned to the DOH. Additionally, in the event of an unanticipated low cash level, the Network maintains a line of credit totaling \$15,000 (Note 4), which it can draw upon.

**NOTE 8 – OPERATING LEASE**

The Network entered into a four-year lease agreement for the office space from July 1, 2021 through June 30, 2025. The lease has been classified as an operating lease in accordance with ASU 2016-02, *Leases* (Topic 842).

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024 and 2023**

**NOTE 8 – OPERATING LEASE (Continued)**

A summary of the total lease cost, by component, and other lease are as follows:

	2024	2023
Operating lease cost	\$ <u>17,400</u>	\$ <u>17,400</u>
Other lease information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow from operating lease	\$ 17,400	\$ 17,400
Right-of-use assets obtained for new operating lease liabilities	\$ -	\$ -
Weighted-average remaining lease terms:		
Operating leases	1 year	2 years
Weighted-average discount rate:		
Operating lease	3%	3%

The future payments due under operating and finance leases as of June 30, 2024, are as follows:

For the year ending June 30, 2025	\$	18,000
Less: discounting		<u>(289)</u>
	\$	<u>17,711</u>

**NOTE 9 – OBLIGATED ADVANCE OF GRANT FUNDS**

Obligated Advance represent funds received in advance from the State of Florida under grant agreements, which have been contractually committed through obligations incurred before the end of the grant period but not yet expended as of the financial statement date. These amounts are recorded as a liability until the related expenses are incurred, in accordance with applicable accounting standards and grant compliance requirements.

Per the Florida Single Audit Compliance Supplement, funds are considered obligated if they are committed to contracts, subgrants, purchase orders, or other similar transactions executed on or before June 30<sup>th</sup>, even if payment occurs in a subsequent period. Any funds that are not obligated by June 30<sup>th</sup> must be returned to the grantor within 45 days, unless otherwise approved.

As of June 30, 2024 and 2023, the Network had \$7,369,690 and \$0 in Obligated Advances, reflecting committed but unspent funds. These funds are expected to be expended in accordance with the terms of the grant agreements and are anticipated to be recognized as revenue once the related expenditures are incurred.

**ADDITIONAL ELEMENTS OF REPORTS PREPARED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS AND WITH CHAPTER 10.650,  
RULES OF THE STATE OF FLORIDA AUDITOR GENERAL**

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**Year Ended June 30, 2024**

<u>Grantor/Program Title</u>	<u>CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
<u>Florida Department of Health</u>				
Pregnancy Support Services Program	64.080	COHCE	\$ <u>11,595,751</u>	\$ <u>7,315,459</u>
Total expenditures of state financial assistance			\$ <u>11,595,751</u>	\$ <u>7,315,459</u>

**Notes to Schedule of Expenditures of State Financial Assistance**

**Basis of Presentation**

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of Florida Pregnancy Care Network, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the State of Florida Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

See independent auditors' report.

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HAROLD A. BROCK, JR. (Retired)  
W. FREDERICK THOMSON (1943-2024)

**INDEPENDENT AUDITORS' 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  
Florida Pregnancy Care Network, Inc.  
Tallahassee, Florida

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 Florida Pregnancy Care Network, Inc. (the "Network"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 24, 2025.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Network's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Network's internal control. Accordingly, we do not express an opinion on the effectiveness of the Network'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 may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-01 and 2024-02 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Network'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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Network'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 Network's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Thomson Black & Veatch Company*

Tallahassee, Florida  
March 24, 2025

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON ITS MAJOR STATE PROJECT AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH CHAPTER 10.650, RULES OF THE  
STATE OF FLORIDA AUDITOR GENERAL**

To the Board of Directors  
Florida Pregnancy Care Network, Inc.  
Tallahassee, Florida

**Report on Compliance for Each Major State Project**

**Opinion on the State Project**

We have audited the Florida Pregnancy Care Network, Inc.'s (the "Network") compliance with the types of compliance requirements described in the *Department of the Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the Network's major state project for the year ended June 30, 2024. The Network's state project is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Network complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended June 30, 2024.

**Basis for Opinion on the State Project**

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 Chapter 10.650 *Rules of the State of Florida Auditor General*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Network 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 the state project. Our audit does not provide a legal determination of the Network's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

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

## **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 Network's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Chapter 10.650 *Rules of the State of Florida 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 Network's compliance with the requirements of the state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Chapter 10.650 *Rules of the State of Florida 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 Network'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 Network'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 Chapter 10.650 *Rules of the State of Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Network'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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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 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 state project will not be prevented, or detected and corrected, on a timely basis. Given limitation described in this letter, 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.

*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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-03 to be significant deficiency.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Network's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Network's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Chapter 10.650, *Rules of the State of Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

*Thomson Black & Veatch Company*

Tallahassee, Florida  
March 24, 2025

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2024**

**Part A - SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses an unmodified opinion on the basic financial statements of Florida Pregnancy Care Network, Inc.
2. No material weakness, and two (2) significant deficiencies (2024-01 and 2024-02) were reported relating to the audit of the financial statements and are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of Florida Pregnancy Care Network, Inc. were disclosed during the audit.
4. No material weakness and one (1) significant deficiency (2024-03) relating to the audit of the major State project are reported in the Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on its Major State Project and on Internal Control over Compliance in Accordance with Chapter 10.650, *Rules of the State of Florida Auditor General*.
5. The independent auditors' report on compliance with requirements applicable to the major State project for Florida Pregnancy Care Network, Inc. expresses an unmodified opinion.
6. Audit findings relative to the major State project of Florida Pregnancy Care Network, Inc. are reported on Part C and D of this Schedule.
7. The State project tested as a major program included: Florida Department of Health, CSFA Number 64.080.
8. The threshold used to distinguish between Type A and B State projects was \$750,000.

**Part B - FINDINGS - FINANCIAL STATEMENTS AUDIT**

**FINDING 2024-01 – Obligated Advance (Significant Deficiency)**

**Condition:** During the audit, we noted that the Network did not properly record obligated advances as a liability. Instead, these funds were recognized as grant revenue and expense, resulting in an overstatement of both categories in the financial statements. An audit adjustment was required to correctly classify the obligated advance as a liability.

**Criteria:** Under generally accepted accounting principles ("GAAP") and the applicable Florida Compliance Supplement guidelines, grant funds that are received but obligated for future periods should be recorded as a liability

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2024**

**Criteria (continued):** (obligated advance) until the related expenses are incurred. Recognizing these amounts as revenue before they are earned results in a misstatement of its financial position and grant revenue.

**Cause:** The error resulted from a lack of understanding of the proper accounting treatment for obligated advances.

**Effect:** An audit adjustment was required for the Network to report revenue, expenses, and liabilities to be in accordance with GAAP

**Recommendation:** We recommend that the Network review and identify all contractual obligations in place as of year-end that impact future periods and ensure they are properly recorded as liabilities rather than revenue and expenses. This will help ensure accurate financial reporting and compliance with grant accounting requirements.

**Management's Response:** In advance of the annual audit, FPCN will employ a CPA firm to review the books to ensure correct documentation of obligated advances.

**FINDING 2024-02 – Prepaid Expenses (Significant Deficiency)**

**Condition:** During the audit, we identified a misclassification of prepaid expenses in the amount of \$203,090 that required an audit adjustment. The expense was recorded in the current period rather than being properly allocated as a prepaid asset and expensed in the appropriate period.

**Criteria:** Under GAAP, expenses should be recognized in the period in which they are incurred. Prepaid expenses represent payments made for goods or services that will be used in future periods and should be recorded as an asset until the related expense is recognized.

**Cause:** The misclassification occurred due to unidentified prepaid expenses in which the service and supplies purchased benefits a future period.

**Effect:** An audit adjustment was required for the Network to report prepaid expenses and expenditures in accordance with GAAP.

**Recommendation:** We recommend that the Network implement a review process to identify expenses that benefit future periods and record as prepaid expenses in accordance with GAAP. This will improve financial reporting accuracy and ensure expenses are recognized in the appropriate period.

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2024**

**Management's Response:** In advance of the annual audit, FPCN will employ a CPA firm to review the books and ensure that payments for prepaid expenses for goods and services used in future periods are recorded as assets until the related expense is recognized.

**Part C - FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECT**

**FINDING 2024-03 – Allowable Costs (Significant Deficiency)**

**Condition:** During the audit, we identified reimbursements made by the Network under the FPSSP wellness program for ultrasound services provided by medical professionals.

**Criteria:** The Pregnancy Support Services Program (FPSSP) grant agreement and the Florida State Project Compliance Supplement specify that costs for medical equipment, medical services, and medical procedures, including ultrasounds, are unallowable.

**Cause:** Management's understanding is that early pregnancy care services through the wellness program included ultrasounds, only if reimbursed by contracted providers that had licensed medical practitioners (MD, PA, NP, APRN).

**Effect:** Questioned costs in the amount of \$72,750.

**Recommendation:** We recommend the Network consult with the Florida Department of Health to determine the allowability of these costs and take corrective action as needed to comply with program requirements.

**Management's Response:** Although reimbursement for ultrasound services had already been approved and DOH began providing reimbursement for these services in July 2023, the Department has since provided an amendment to this effect.

**Part D - PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECT**

1. No matters were reported.

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W. FREDERICK THOMSON (1943-2024)

## MANAGEMENT LETTER

To the Board of Directors  
Florida Pregnancy Care Network, Inc.  
Tallahassee, Florida

### Report on the Financial Statements

We have audited the financial statements of the Florida Pregnancy Care Network, Inc., as of and for the year ended June 30, 2024, and have issued our report thereon dated March 24, 2025.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.650, *Rules of the State of Florida Auditor General*.

### Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance with Requirements that could have a Direct and Material Effect on its Major State Project and on Internal Control over Compliance in Accordance with Chapter 10.650, *Rules of the State of Florida Auditor General*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 24, 2025, should be considered in conjunction with this management letter.

### Additional Matters

Section 10.654(1)(e), *Rules of the State of Florida Auditor General*, requires that we communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material, but which warrants attention of those charged with governance. In connection with our audit, we noted the following:

### **PRIOR YEAR COMMENTS:**

#### **Procurement Policy (RESOLVED)**

In the prior year, we noted during the audit that the Network does not have a formalized Procurement Policy in place for purchasing goods and services. We recommended that the Management work with the Board in adopting a Procurement Policy.

In the current year, management implemented a policy after year end, but was able to provide us with procurement documentation that aligns with the policy for contracted vendors that exceeded the procurement threshold established.

### **CURRENT YEAR COMMENTS:**

#### **Documentation of Review and Approval of Invoices for Non-Direct Services**

During our testing of cash disbursements, we noted that the Organization's internal control process does not include a documented review and approval process for non-direct service invoices prior to payment preparation. While the Executive Director signs checks and has access to invoices at the time of check signing, there is no formal documentation of prior approval.

We recommend that all non-direct service invoices be reviewed and approved by the Executive Director before checks are prepared to strengthen internal controls and ensure proper oversight of expenditures. Implementing a documented approval process will enhance financial accountability and reduce the risk of errors or unauthorized disbursements.

Management's Response: The Executive Director reviews all non-direct services invoices prior to payment. Travel is approved in advance using the state's Authorization-to-Incur form and Travel Voucher. FPCN has developed a process to document the review and has already implemented the use of a purchase requisition form to accompany every non-direct service invoice submitted to bookkeeping for payment except for payments for reoccurring services such as rent, utilities, and equipment leases.

Florida Pregnancy Care Network, Inc.

March 24, 2025

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**Purpose of This Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and other granting agencies, the Board of Directors and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Thomson Block Impact Company*

Tallahassee, Florida

March 24, 2025