

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Years Ended June 30, 2020 and 2019**

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**MEMBERS**

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KELLY VAZQUEZ, C.P.A.

OF COUNSEL  
W. FREDERICK THOMSON, C.P.A.

**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of Florida Pregnancy Care Network, Inc. (a Florida non-profit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Pregnancy Care Network, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Florida Pregnancy Care Network, Inc. taken as a whole. The accompanying schedule of expenditures of state financial assistance is also presented for purposes of additional analysis as required by Chapter 10.650, *Rules of the State of Florida Auditor General*, and is not a required part of the basic 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 basic 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 taken as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2021, on our consideration of Florida Pregnancy Care Network, Inc.'s internal control over financial reporting and 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 controls 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'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  
January 14, 2021

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2020 and 2019**

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash	\$ 63,876	\$ 45,310
Grants receivable	626,178	714,920
Prepaid expenses	-	2,032
Security deposits	<u>400</u>	<u>400</u>
TOTAL CURRENT ASSETS	690,454	762,662
 PROPERTY AND EQUIPMENT, net	 <u>78,270</u>	 <u>5,485</u>
	\$ <u><u>768,724</u></u>	\$ <u><u>768,147</u></u>

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 285,774	\$ 174,131
Service provider payables	<u>377,666</u>	<u>565,768</u>
TOTAL CURRENT LIABILITIES	663,440	739,899
 NET ASSETS		
Without donor restrictions	 <u>105,284</u>	 <u>28,248</u>
	\$ <u><u>768,724</u></u>	\$ <u><u>768,147</u></u>

See accompanying notes.

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS		
FPSSP grant/contract	\$ 3,689,705	\$ 3,882,901
Contributions	<u>4,450</u>	<u>2,340</u>
 TOTAL REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS	 3,694,155	 3,885,241
 EXPENSES		
FPSS program services	3,517,239	3,805,693
General and administrative	<u>99,880</u>	<u>76,560</u>
 TOTAL EXPENSES	 <u>3,617,119</u>	 <u>3,882,253</u>
 CHANGE IN UNRESTRICTED NET ASSETS	 77,036	 2,988
 NET ASSETS, BEGINNING OF YEAR	 <u>28,248</u>	 <u>25,260</u>
 NET ASSETS, END OF YEAR	 \$ <u>105,284</u>	 \$ <u>28,248</u>

See accompanying notes.

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended June 30, 2020 and 2019**

	Year Ended June 30, 2020			Year Ended June 30, 2019		
	FPSS Program	General and Administrative	2020 Total	FPSS Program	General and Administrative	2019 Total
Direct counseling	\$ 2,614,377	\$ -	\$ 2,614,377	\$ 2,882,128	\$ -	\$ 2,882,128
Program wellness service	519,841	-	519,841	537,007	-	537,007
Program awareness campaign	220,527	-	220,527	198,354	-	198,354
Salaries & wages	76,141	51,910	128,051	81,488	36,906	118,394
Call center	33,451	-	33,451	25,486	-	25,486
Employee benefit	10,855	7,400	18,255	13,110	5,937	19,047
Rent	9,990	6,810	16,800	10,737	4,863	15,600
Accounting & legal	-	15,800	15,800	-	16,601	16,601
Payroll taxes	5,969	4,069	10,038	6,460	2,926	9,386
IT support	4,875	3,323	8,198	7,963	3,607	11,570
Travel	4,537	-	4,537	10,940	-	10,940
Website hosting	1,823	1,243	3,066	673	305	978
Training	2,500	545	3,045	21,780	828	22,608
Telephone & communications	1,803	1,230	3,033	2,045	926	2,971
Supplies	1,764	1,202	2,966	2,175	985	3,160
Office cleaning	1,391	949	2,340	1,487	673	2,160
Contract labor	1,378	940	2,318	-	-	-
Depreciation	1,317	898	2,215	1,327	601	1,928
Printing	1,208	824	2,032	78	35	113
Insurance	986	672	1,658	1,048	474	1,522
Security	715	488	1,203	-	-	-
Other expenses	672	458	1,130	277	125	402
Utilities	548	374	922	579	262	841
Equipment rental	421	287	708	420	190	610
Interest	-	356	356	-	256	256
Postage & delivery	150	102	252	131	60	191
<b>TOTALS</b>	<b>\$ 3,517,239</b>	<b>\$ 99,880</b>	<b>\$ 3,617,119</b>	<b>\$ 3,805,693</b>	<b>\$ 76,560</b>	<b>\$ 3,882,253</b>

See accompanying notes.

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 77,036	\$ 2,988
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	2,215	1,928
(Increase) decrease in		
Grants receivable	88,742	( 89,791)
Prepaid expenses	2,032	845
Increase (decrease) in		
Accounts payable and accrued expenses	111,643	64,534
Service provider payables	( 188,102)	<u>26,679</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>93,566</b>	<b>7,183</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	( 75,000)	( 1,439)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>( 75,000)</b>	<b>( 1,439)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash provided by line of credit	15,000	15,000
Principal payments on line-of-credit	( 15,000)	( 15,000)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>_____ -</b>	<b>_____ -</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>18,566</b>	<b>5,744</b>
<b>CASH, BEGINNING OF YEAR</b>	<b><u>45,310</u></b>	<b><u>39,566</u></b>
<b>CASH, END OF YEAR</b>	<b>\$ <u><u>63,876</u></u></b>	<b>\$ <u><u>45,310</u></u></b>
<b>SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid during the year for		
Interest expense	\$ <u>356</u>	\$ <u>256</u>

See accompanying notes.



**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**

**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 and equipment acquired at cost. 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, and hardbound books, which are not circulated to students or the general public, with the value or cost of \$250 or more.

**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.

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**

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

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, 2020.

**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. All in-kind contributions are recorded at fair value in the period donated.

**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, 2020 and 2019, the Network recognized in-kind contributions for professional services in the amount of \$2,330 for both years.

**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, 2020, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2020. Management has performed their analysis through January 14, 2021, the date the financial statements were available to be issued.

**NOTE 2 - GRANTS RECEIVABLE**

Grant receivables are due from Florida Department of Health, Division of Family Health Services and are recorded when services are provided. The Network’s grant receivables as of June 30, 2020 and 2019, are due in less than one (1) year and management believes that all receivables are fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

	<u>Useful Lives</u>	<u>2020</u>	<u>2019</u>
Client intake software	7	\$ 75,000	\$ -
Computer equipment	5 - 7	10,018	10,018
Furniture and fixtures	5 - 7	<u>1,250</u>	<u>1,250</u>
		86,268	11,268
Less accumulated depreciation		( <u>7,998</u> )	( <u>5,783</u> )
		<u>\$ 78,270</u>	<u>\$ 5,485</u>

Depreciation expense for the years ended June 30, 2020 and 2019, amounted to \$2,215 and \$1,928 respectively.

**NOTE 4 - LINE OF CREDIT**

On June 2, 2019, 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, 2020 and 2019, 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, 2020 and 2019, amounted to \$356 and \$256, respectively.

**NOTE 5 - CONCENTRATIONS**

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, 2020 and 2019, the Network received funds from one (1) contract that comprised 99% of its total revenue for each year, 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 statement 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.

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**

**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 \$63,876 and \$45,310, respectively, for the years ended June 30, 2020 and 2019. The amounts were made up entirely of cash. 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 has a line of credit totaling \$15,000 (Note 4), which it can draw upon.

**NOTE 8 – RECLASSIFICATIONS**

Certain reclassifications have been made to prior year financial statements to conform to classifications used in the current year.

**NOTE 9 – CHANGES IN ACCOUNTING PRINCIPLES**

During 2020, the Network adopted Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which includes criteria on how entities recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Management has determined that this ASU did not significantly impact the Network.

During 2020, the Network adopted FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of ASC Topic 958, *Not for Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Management has determined that this ASU did not significantly impact the Network's financial statements.

**SUPPLEMENTARY INFORMATION**

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**Year Ended June 30, 2020**

<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	COHN6	\$ <u>3,689,705</u>	\$ <u>2,614,377</u>
Total expenditures of state financial assistance			\$ <u><u>3,689,705</u></u>	\$ <u><u>2,614,377</u></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.

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

**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 Network, Inc. (the "Network"), which comprise the statements of financial position as of June 30, 2020 and 2019, 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 January 14, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audits 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.

### **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 Legal Company*

Tallahassee, Florida  
January 14, 2021

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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**

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, 2020. The Network's state project is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the State statutes, regulations, and terms and conditions of its State projects applicable to its major state project.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the Network's major state project based on our audit of the types of compliance requirements referred to above. 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 Chapter 10.650, *Rules of the State of Florida Auditor General*. Those standards and Chapter 10.650 *Rules of the State of Florida Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Network's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state project. However, our audit does not provide a legal determination of the Network's compliance.

### **Opinion on Each Major State Project**

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, 2020.

### **Report on Internal Control Over Compliance**

Management of the Network is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Network's internal control over compliance with the types of requirements that could have a direct and material effect on its major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the State of Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Network's 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 state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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  
January 14, 2021

**FLORIDA PREGNANCY CARE NETWORK, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2020**

**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 or significant deficiencies relating to the audit of the financial statements 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 or significant deficiencies 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**

1. No matters were reported.

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

1. No matters were reported.

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

1. No matters were reported.

**MEMBERS**

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

**TBL**

THOMSON BROCK  
LUGER & COMPANY

*Certified Public Accountants and Business Advisors*

HAROLD A. BROCK, JR., C.P.A.  
FRED C. LUGER, C.P.A.  
MATTHEW R. HANSARD, C.P.A.  
ANN MARIE BACHMAN, C.P.A.  
GREGORY J. COCHRAN, C.P.A.

JOHN K. KIRK, C.P.A.  
KELLY VAZQUEZ, C.P.A.

OF COUNSEL  
W. FREDERICK THOMSON, C.P.A.

**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, 2020, and have issued our report thereon dated January 14, 2021.

**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 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 January 14, 2021, should be considered in conjunction with this management letter.

**Additional Matters**

Section 10.654(1)(e), *Rules of the 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:**

None.

**CURRENT YEAR COMMENTS:**

**Documentation of Invoice Review**

While testing cash disbursements, we noted that management changed their processes in documenting invoices from paper to electronic. During this change, the documentation of the invoice review was removed. We recommend that management develop and implement a form to be used and attached to the invoices in which the reviewer can sign off and note any changes needed.

**Management's Response:**

**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 & Company*

Tallahassee, Florida

January 14, 2021