



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Neuroscience Centers of Florida Foundation, Inc. (d/b/a Brain Center) and Affiliates

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Neuroscience Centers of Florida Foundation, Inc. (d/b/a Brain Center) and Affiliates (collectively, the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated 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 accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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.

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

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 GAAS 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 GAAS 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged 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 supplementary schedule of expenditures of state financial assistance, as required by 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 accompanying supplementary 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 31, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Marcum LLP

Miami, FL
March 31, 2023

NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

Assets

Current Assets

Cash and cash equivalents	\$ 1,649,177
Receivables	<u>500,485</u>

Total Current Assets \$ 2,149,662

Fixed Assets, Net 12,029

Security Deposits 14,922

Total Assets \$ 2,176,613

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ 24,323
Deferred revenue	<u>31,680</u>

Total Current Liabilities 56,003

Total Net Assets - Without Donor Restrictions 2,120,610

Total Liabilities and Net Assets \$ 2,176,613

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

NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

Revenue and Other Support

Grants	\$ 1,511,700
Clinic fees	454,930
Contributions	4,667
Interest income	<u>1,305</u>

Total Revenue and Other Support \$ 1,972,602

Expenses

Program Services:

Patient education programs	50,651
Social work programs	82,435
Clinical programs	1,722,045
Research	<u>59,237</u>

Total Program Services 1,914,368

Supporting Activities:

General and administrative	148,940
Fundraising	<u>71,962</u>

Total Supporting Activities 220,902

Total Expenses 2,135,270

Other Income

Gain on forgiveness of note payable	<u>186,516</u>
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Total Other Income 186,516

Change in Net Assets - Without Donor Restrictions 23,848

Net Assets Without Donor Restrictions - Beginning 2,096,762

Net Assets Without Donor Restrictions - Ending \$ 2,120,610

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

NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program Services					Supporting Activities			Total Program and Supporting Services
	Patient Education Programs	Social Work Programs	Clinical Programs	Research	Total Program Services	General and Administrative	Fundraising	Total Supporting Activities	
Salaries	\$ 43,007	\$ 31,757	\$ 688,749	\$ 29,920	\$ 793,433	\$ 42,208	\$ 14,423	\$ 56,631	\$ 850,064
Payroll taxes and benefits	6,134	11,354	134,424	4,770	156,682	10,193	2,189	12,382	169,064
Total Salaries and Related Expenses	49,141	43,111	823,173	34,690	950,115	52,401	16,612	69,013	1,019,128
Consulting	140	31,461	347,061	--	378,662	5,000	55,000	60,000	438,662
Rent	--	--	158,735	--	158,735	57,769	--	57,769	216,504
Professional fees	1,075	1,841	206,437	825	210,178	1,574	--	1,574	211,752
Advertising	--	731	71,653	--	72,384	449	--	449	72,833
Insurance	--	--	42,254	--	42,254	--	--	--	42,254
HIT infrastructure	--	--	30,843	--	30,843	--	--	--	30,843
Sponsorships and donations	--	300	1,240	--	1,540	15,000	--	15,000	16,540
Other	--	--	--	23,037	23,037	--	--	--	23,037
Depreciation	--	--	--	--	--	12,973	--	12,973	12,973
Dues and subscriptions	--	2,344	6,467	--	8,811	1,608	--	1,608	10,419
Licenses	295	1,156	7,614	175	9,240	100	350	450	9,690
Repairs and maintenance	--	--	7,926	--	7,926	--	--	--	7,926
Merchant processing fees	--	--	6,555	--	6,555	--	--	--	6,555
Office supplies	--	191	4,087	--	4,278	1,470	--	1,470	5,748
Medical supplies	--	1,237	4,370	--	5,607	--	--	--	5,607
Meals and entertainment	--	63	2,294	510	2,867	456	--	456	3,323
Telephone, internet and website	--	--	774	--	774	--	--	--	774
Postage and shipping	--	--	531	--	531	48	--	48	579
Travel	--	--	31	--	31	92	--	92	123
Total	\$ 50,651	\$ 82,435	\$ 1,722,045	\$ 59,237	\$ 1,914,368	\$ 148,940	\$ 71,962	\$ 220,902	\$ 2,135,270

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

NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

Cash Flows From Operating Activities

Change in net assets	\$	23,848
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	\$	12,973
Gain on forgiveness of note payable		(186,516)
Change in operating assets and liabilities:		
Increase in:		
Receivables		(322,853)
Decrease in:		
Accounts payable and accrued expenses		(31,226)
Deferred revenue		<u>(1,200)</u>
Total Adjustments		<u>(528,822)</u>
Net Cash Used in Operating Activities		<u>(504,974)</u>
Net Decrease in Cash and Cash Equivalents		(504,974)
Cash and Cash Equivalents - Beginning		<u>2,154,151</u>
Cash and Cash Equivalents - Ending	\$	<u><u>1,649,177</u></u>

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

**NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE ORGANIZATION

Neuroscience Centers of Florida Foundation, Inc. (d/b/a Brain Center) (“Neuroscience”) was incorporated on March 17, 2010 under the laws of the State of Florida as a not-for-profit organization. Neuroscience’s mission is to provide a continuum of neurological care to patients, their families and caregivers with concentrations in Alzheimer’s, Multiple Sclerosis (“MS”) and Parkinson’s disease. Neuroscience receives its funding principally through grants, public donations and clinic fees. Additionally, Neuroscience operates the Mercy Clinic and Miami Shores Clinic to care for patients.

Miami-Dade Stroke Consortium (“MDSC”), an affiliate of Neuroscience, was incorporated as a not-for-profit organization under the laws of the state of Florida in April 22, 2011. MDSC was established to improve stroke care and outcomes through the creation of a comprehensive data registry available for stroke research. Included among the services provided are data collection, research and community education. MDSC receives its funding principally through Neuroscience and grants.

NSCFF Research, Inc., formerly known as MS Centers of Florida, Foundation, Inc. (“NSCFF Research”), an affiliate of Neuroscience, was incorporated as a not-for-profit organization under the laws of the State of Florida in November 2001. NSCFF Research’s purpose is to provide a continuum of comprehensive services to MS patients, their families and caregivers, while establishing a network of medical, rehabilitative, psychological and psychosocial services in Florida. NSCFF Research received its funding principally through public donations through 2012, when all funding for MS services was taken over by Neuroscience. NSCFF Research no longer solicits donations from the public.

In 2010, NSCFF Research’s Board of Directors elected to expand its mission by focusing on multiple neurological diseases. As a result, Neuroscience was incorporated with the purpose of concentrating on neurological diseases such as Parkinson’s, MS, and Alzheimer’s disease, instead of focusing on only MS. NSCFF Research remains operational through the control of Neuroscience.

In July 2017, the Organization entered into an agreement with Park Optimists Miami, Inc. (“POM”) to form a partnership and have the POM board and programs managed and operated by the Organization. POM remains operational through the control of Neuroscience. POM is a support group for those afflicted with Parkinson’s disease, their families and caregivers. POM’s goal is to help these individuals through education and programmatic services.

NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies:

Principles of Consolidation

The consolidated financial statements include the accounts of Neuroscience, MDSC, NSCFF Research, and POM (collectively, the "Organization"). MDSC, NSCFF Research and POM are consolidated because Neuroscience has an economic interest in and exercises control over these entities. All significant transactions and account balances among these entities have been eliminated in consolidation.

Financial Statement Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - Net assets which are free of donor-imposed restrictions: all revenues and expenses that are not changes in net assets with donor restrictions.

Net Assets With Donor Restrictions - Net assets used by the Organization which are limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations. The Organization had no net assets with donor restrictions as of June 30, 2022.

Cash Equivalents

All highly liquid financial instruments with original maturities of three months or less are considered to be cash equivalents.

Concentrations of Credit Risk

Cash and Cash Equivalents

Financial instruments, which potentially subject the Organization to concentrations of risk, consist principally of cash and cash equivalents and receivables.

NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 1 - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Credit Risk (continued)

Cash and Cash Equivalents (continued)

From time to time, the Organization maintains its cash and cash equivalents in deposit accounts at a financial institution that exceed the Federal Deposit Insurance Corporation ("FDIC") limits. As of June 30, 2022, the Organization maintained approximately \$1,393,000 in excess of FDIC limits on deposit with this financial institution. The Organization maintains these balances in what it believes to be a high quality financial institution, which it believes limit its risk.

Receivables

Receivables consist principally of amounts due for clinic fees pursuant to the terms of the respective agreements. Clinic receivables are carried at a net amount determined by the original charge for the patient services, less an estimate made for contractual adjustments, if any, and an allowance for doubtful accounts, if any. Allowances are provided for amounts estimated to be uncollectible based on historical experience and any specific collection issues that the Organization has identified. It is the Organization's policy to charge uncollectible receivables against the allowance when management determines that the related balance will not be collected. As of June 30, 2022, management determined that an allowance for doubtful accounts was not deemed necessary.

Fixed Assets

Fixed assets valued in excess of \$100 are capitalized. Fixed assets are recorded at cost or, if donated, at fair value at the date of donation. Major renewals and improvements are capitalized, while repairs and maintenance expenditures are expensed as incurred. When items are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any resulting gains or losses are recognized. Depreciation is computed on the straight-line method over the estimated useful lives of the respective assets.

NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets (continued)

The estimated useful lives of each asset group are as follows:

Asset Group	Years
MRI machine	7
Computer equipment	5-10
Furniture and fixture	3-5
Computer software and website	3
Leasehold improvements	15

Impairment of Long-Lived Assets

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 360, *Property, Plant and Equipment*, the carrying value of long-lived assets is reviewed whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by determining if the carrying value of the asset exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the asset over the remaining economic life of the asset. If recoverability is not assured, impairment is determined based on comparing the carrying value of the asset and the estimated fair value of the asset. For the year ended June 30, 2022, management determined that there was no impairment of long-lived assets.

Contributions

Contributions and gifts received with no restrictions or specified uses identified by the donor are recorded at fair value and are included in without donor restrictions revenue in the consolidated statement of activities when received. Contributions received with donor stipulations that limit the use of donated assets are reported as revenue with donor restrictions in the consolidated statement of activities when received.

When donor restrictions expire or are fulfilled by actions of the Organization, net assets with donor restriction are reclassified as net assets without donor restriction and reported in the consolidated statement of activities as net assets released from restriction. Donor restricted contributions whose restrictions are met within the same year as received are reflected as revenue without donor restrictions in the accompanying consolidated financial statements.

NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 1 - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

Grants are recognized as revenue when the grant funds have been expended in accordance with the grant provisions of the respective agreements.

REVENUE FROM CONTRACTS WITH CUSTOMERS

In May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, “*Revenue from Contracts with Customers (Topic 606)*”, which supersedes nearly all existing revenue recognition guidance under GAAP. This ASU outlines a single comprehensive model for recognizing revenue as performance obligations, defined in a contract with a customer as goods or services transferred to the customer in exchange for consideration, are satisfied. The standard also requires expanded disclosures regarding the Organization’s revenue recognition policies and significant judgments employed in the determination of revenue.

The Organization’s revenue stream that falls within the scope of this ASU is revenue derived from clinic fees. The Organization earns clinic fees from services performed by the Organization at the clinic. The clinic fees are based on approved charges based number of patients serviced. Clinic fees are recognized as revenue once services are performed.

Deferred Revenue

Deferred revenue represents grants received in advance that are to be used for future mission related expenditures. Deferred revenue is recognized as revenue when the related expenditures are incurred.

Fund-Raising Activities

The Organization’s consolidated financial statements are presented in accordance with FASB ASC 958 “Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Government Entities that Included Fund Raising”. FASB ASC 958 establishes criteria for accounting and reporting for any entity that solicits contributions.

NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund-Raising Activities (continued)

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on the time spent. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been detailed in the consolidated statement of functional expenses and are summarized on a functional basis in the consolidated statement of activities. Salaries and other expenses, which are associated with a specific program, are charged directly to that program. Salaries and other expenses, which benefit more than one program, are allocated to the various programs based on an analysis of time spent and effort.

Contributed Services

Contributed services are reflected in the consolidated financial statements at their estimated fair value, if reasonably determined. The contributions of services are recognized if the services received (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. For the year ended June 30, 2022, contributed services were not significant.

Services provided by volunteers throughout the year are not recognized as contributions in the consolidated financial statements since these services are not susceptible to objective measurement or valuation.

Fair Value Measurements

In accordance with GAAP, the Organization defines fair value as the price that would be received to sell an asset or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions

NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 1 - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (continued)

about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 - Observable inputs, such as quoted market prices in active markets for the identical asset or liability that are accessible at the measurement date.

Level 2 - Inputs, other than quoted market prices included in Level 1, that are observable either directly or indirectly for the asset or liability.

Level 3 - Unobservable inputs that reflect the entity's own assumptions about the exit price of the asset or liability. Unobservable inputs may be used if there is little or no market data for the asset or liability at the measurement date.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of June 30, 2022, the Organization did not have any financial assets or liabilities that require fair value measurement on a recurring basis.

Advertising Expenses

The Organization uses advertising to promote its programs and clinics. Advertising is expensed as incurred. For the year ended June 30, 2022, Neuroscience incurred approximately \$73,000 on advertising expenses.

Income Taxes

Neuroscience, MDSC, NSCFF Research and POM are exempt from Federal income tax on all income, except for unrelated business income, under Internal Revenue Code Section 501(c)(3). For the year ended June 30, 2022, the Organization had no unrelated business income. Accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements.

NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE I - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

The Organization accounts for uncertainty in income taxes in accordance with GAAP, which requires recognition in the consolidated financial statements of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Organization had no material unrecognized tax benefits and no adjustments to its consolidated financial position, activities or cash flows were required. The Organization does not expect that unrecognized tax benefits will increase within the next twelve months. The Organization recognizes accrued interest and penalties, if any, related to uncertain tax positions as income tax expense.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, “*Leases (Topic 842)*”, which amends the guidance relating to the definition of a lease, recognition of lease assets and liabilities on the balance sheet, and the related disclosure requirements. This ASU is applicable for the Organization for its annual reporting period beginning on July 1, 2022. Earlier application is permitted, however, the Organization did not early adopt the ASU. Management is currently in the process of evaluating the ASU for the potential impact on its consolidated financial statements upon adoption.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The Organization implemented this ASU effective July 1, 2021. The adoption of this statement did not have a significant impact on the Organization’s consolidated financial statements.

NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 1 - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through March 31, 2023, the date the consolidated financial statements were available to be issued. There were no subsequent events identified that were required to be recognized or disclosed in the financial statements other than the sale of the MRI machine as noted in Note 11.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investments of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to patient education programs, social work programs, clinical programs, and research, as well as the requirement to support those activities, to be general expenditures. The Organization has various sources of liquidity, including cash and account receivables.

In addition to the financial assets available to meet general expenditures over the 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures. Refer to the consolidated statement of cash flows which identifies the sources and uses of the Organization's cash for the twelve months ended June 30, 2022.

As of June 30, 2022, the following table shows the total financial assets held by the Organization that could be made readily available within one year to meet general expenditures:

Financial Assets Available to Meet General

Expenditures Over the Next 12 Months

Cash	\$ 1,649,177
Receivables	<u>500,485</u>

Total Financial Assets Available to Meet General

Expenditures Over the Next 12 Months	<u>\$ 2,149,662</u>
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NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 – REVENUE CONCENTRATIONS

GRANT REVENUE

The Organization received substantially all of its grant revenue from the State of Florida allocation through Florida International University (“FIU”) for the year ended June 30, 2022. As the revenue from the state allocation is significant to the overall operations of the Organization, any significant reduction or loss of funding from the state may affect the Organization’s ability to operate in its present form.

NOTE 4 – FIXED ASSETS

Fixed assets at June 30, 2022 consist of the following:

MRI Machine*	\$ 1,765,441
Furniture and fixture	92,176
Computer software and website	130,365
Leasehold improvements	<u>6,296</u>
	1,994,278
Less: accumulated depreciation	<u>(1,982,249)</u>
Fixed Assets, Net	<u>\$ 12,029</u>

* During the 2018, the Organization recorded an impairment loss on the MRI Machine, resulting in the net book value of \$0 (see Note 11).

Depreciation expense for the year ended June 30, 2022 amounted to approximately \$13,000.

NOTE 5 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are undesignated and totaled approximately \$2,132,000 as of June 30, 2022.

NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 – STATE OF FLORIDA ALLOCATION THROUGH FIU

During 2014, the Organization executed a contract, as amended, with FIU, whereby the State of Florida appropriated a total of \$4,600,000 to FIU with the intention of the appropriation being transferred to the Organization. In subsequent years, FIU continues to renew the contract, along with funding amounts (varies) to the Organization. The contract requires FIU to transfer such funds to enable the Organization to fulfill its statewide objectives.

During the year ended June 30, 2022, the Organization incurred approximately \$1,500,000 of such expenditures, with the related revenues recognized and included in grants in the accompanying consolidated statement of activities.

NOTE 7 – RELATED PARTY TRANSACTIONS

RELATED PARTY CONSULTING AGREEMENT

The Organization entered into a consulting agreement, initially expiring December 31, 2015, with a member of the Board of Directors. The consulting agreement automatically renews for one-year periods unless the member or the Organization provides written notice within 30 days to the other party of its intent to terminate or not renew. Under this consulting agreement, the member will serve the role of the Chief Executive Officer (“CEO”) for the Organization. For the year ended June 30, 2022, the Organization incurred approximately \$145,000 in consulting fees related to this agreement, which are included in consulting expenses in the accompanying consolidated statement of functional expenses. As of June 30, 2022, no amounts were due to the related party.

NOTE 8 – OPERATING LEASE COMMITMENTS

The Organization leases office space under a non-cancelable operating lease that initially expired on January 31, 2018. Under the agreement, the Organization has exercised all five one-year renewal options to renew the lease and is currently operating under a month-to-month arrangement while the new lease agreement is finalized. Rent expense under this lease was approximately \$50,000 for the year ended June 30, 2022.

The Organization entered into a lease in January 2019 to lease clinic space under a non-cancelable lease that initially expired on February 28, 2021. The Organization renewed the lease which expires in January 2024. Rent expense under this lease was approximately \$42,000 for the year ended June 30, 2022.

NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 8 – OPERATING LEASE COMMITMENTS (CONTINUED)

The Organization entered into a lease in April 2019 to lease clinic space under a non-cancelable lease that expires in March 2022. On December 16, 2022, the Organization renewed the lease which expires in March 2025. Rent expense under this lease was approximately \$113,000 for the year ended June 30, 2022.

As of June 30, 2022, estimated future minimum commitments are as follows:

For the Year Ending June 30,	Amount
2023	\$ 186,000
2024	146,000
2025	<u>93,000</u>
Total	<u>\$ 279,000</u>

For the year ended June 30, 2022, rent expense for all leases was approximately \$217,000.

NOTE 9 – EMPLOYEE BENEFIT PLAN

The Organization sponsors a 401(k) plan (the “Plan”) covering substantially all of its full-time employees. Employees become eligible for Plan participation after obtaining the age of twenty-one. The Organization contributes up to 4% of eligible employees’ gross compensation to the Plan. All contributions made on behalf of employees are immediately vested. For the year ended June 30, 2022, the Organization contributed approximately \$25,000 to the Plan.

NOTE 10 – CONTINGENCIES

The Organization participates in state grant programs that are subject to audit by the respective grantor agencies. Any disallowed funds received or to be received under these programs may constitute a liability in the amount of the disallowed funds. Management does not believe that any potential disallowed funds would have a significant effect on the consolidated financial statements.

NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 11 – MRI MACHINE

During 2017, the lease between Health Diagnostics of Miami, LLC (“Health”) and the Organization was terminated. The lease was for the joint effort for the installation and operation of the MRI machine (Note 4). During the de-installation process and transfer, the MRI machine was damaged.

The Organization hired legal counsel to review its options to remedy the damaged MRI Machine. The legal counsel is also representing the Organization as Health has filed a Demand for Arbitration asserting a breach of contract among other matters. On September 2, 2020, the Organization reached a settlement agreement with Health over their dispute regarding the damaged MRI machine. Pursuant to the settlement agreement, Health agreed to pay the Organization approximately \$1,222,000. The Organization received the settlement proceeds during September 2020. The Organization accounted for such activity in the June 30, 2021 consolidated financial statements.

Subsequent to year end, in December 2022, the Organization sold the MRI machine for \$400,000.

NOTE 12 – FORGIVENESS OF PAYCHECK PROTECTION PROGRAM PROMISSORY NOTE

On May 11, 2021, the Organization entered into a PPP2 promissory note for total proceeds of approximately \$187,000 with a financial institution in relation to the recently enacted Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) administered by the U.S. Small Business Administration (“SBA”). In accordance with the requirements of the CARES Act, the Organization utilized the proceeds of the notes primarily for payroll and other allowable costs. The Organization applied to the lender for loan forgiveness as specified under the PPP rules. On January 31, 2022, the Organization received full loan forgiveness of the promissory note of \$187,000. Interest incurred through the date of forgiveness was insignificant.



**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**

Board of Directors

Neuroscience Centers of Florida Foundation, Inc. (d/b/a Brain Center) and Affiliates

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 Neuroscience Centers of Florida Foundation, Inc. (d/b/a Brain Center) and Affiliates (collectively, the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2023.

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 consolidated 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated 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 Neuroscience Centers of Florida Foundation, Inc. (d/b/a Brain Center) and Affiliates' 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.

Marcum LLP

Miami, FL
March 31, 2023



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.650 RULES OF THE AUDITOR GENERAL

Board of Directors
Neuroscience Centers of Florida Foundation, Inc. (d/b/a Brain Center) and Affiliates

Report on Compliance for the Major State Project

Opinion on the Major State Project

We have audited Neuroscience Centers of Florida Foundation, Inc. (d/b/a Brain Center) and Affiliates' (collectively, the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the Organization's major state project for the year ended June 30, 2022. The Organization's major state project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended June 30, 2022.

Basis for Opinion on the Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*⁵ issued by the Comptroller General of the United States (*Government Auditing Standards*); and Chapter 10.650, Rules of the Auditor General. Our responsibilities under those standards and Chapter 10.650, Rules of the Auditor General, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major 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 the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's state project.

Auditors' 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 GAAS, *Government Auditing Standards*, 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 the major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 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 Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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. *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 Auditors' 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 Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

Miami, FL
March 31, 2023

**NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES**

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2022

Grantor Pass-Through Agency and Program Title	CSFA Number	Contract or Grant Number	Expenditures
State University System of Florida - Board of Governors			
Indirect Program:			
Passed through Florida International University - Neuroscience Centers of Florida Foundation - FIU - MS Program	N/A	N/A	<u>\$ 1,500,000</u>

See notes to the schedule of expenditures of state financial assistance.

**NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE**

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of State Financial Assistance (the "Schedule") presents the state grant activity of the Organization for the year ended June 30, 2022.

NOTE 2 – BASIS OF ACCOUNTING

The Schedule is presented using GAAP, which is described in Note 1 to the Organization's consolidated financial statements. The information in the Schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the Auditor General. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the basic consolidated financial statements.

**NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued:	<i>UNMODIFIED OPINION</i>
Internal control over financial reporting:	
Material weakness(es) identified?	___ Yes <u> X </u> No
Significant deficiency(ies) identified?	___ Yes <u> X </u> None Reported
Noncompliance material to financial statements noted?	___ Yes <u> X </u> No

STATE PROJECT

Internal control over the major state project:	
Material weakness(es) identified?	___ Yes <u> X </u> No
Significant deficiency(ies) identified?	___ Yes <u> X </u> None Reported

Type of auditor’s report issued on compliance for the major state project:	<i>UNMODIFIED OPINION</i>
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Any audit findings disclosed that are required to be reported in accordance with Chapter 10.656?	___ Yes <u> X </u> No
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Identification of the major state projects:

STATE PROJECT

State University System of Florida – Board of Governors	<i>CSFA No.</i> N/A
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Dollar threshold used to distinguish between Type A and Type B projects:	<u> \$300,000 </u>
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Auditee qualified as low-risk auditee?	<u> X </u> Yes ___ No
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**NEUROSCIENCE CENTERS OF FLORIDA FOUNDATION, INC.
(d/b/a BRAIN CENTER) AND AFFILIATES**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None. A management letter was not issued because there were no items that were required to be reported related to state financial assistance.

SECTION IV – PRIOR YEAR FINDINGS

None.