

**COMMUNITY ACCESS TO CHILD HEALTH
OF BREVARD, INC.**

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the years ended June 30, 2023 and 2022

and

INDEPENDENT AUDITOR'S REPORT

**COMMUNITY ACCESS TO CHILD HEALTH
OF BREVARD, INC.**

OFFICERS AND DIRECTORS

Mary Ulrich, M.D.	President
Elizabeth Burns	Vice-President
Dr. Tamara Pawich	Secretary
Gina Rall	Treasurer
Lisa Crites	Director

PROGRAM MANAGER

Shelli Buckley

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DAVIES, HOUSER & SECREST, CPA, P.A.

Shareholders

*Stephen A. Ellis
Todd M. Russell
Shawn M. Yount*

Directors Emeritus/Directors

*Floyd C. Lemmon
Donna L. Young*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Access to Child Health of Brevard, Inc.
Rockledge, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Access to Child Health of Brevard, Inc. (CATCH of Brevard, Inc.), (a non-profit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of CATCH of Brevard, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CATCH of Brevard, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CATCH of Brevard, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Consider whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CATCH of Brevard, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Rules of the Florida Department of Financial Services, 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 information 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 a report dated January 11, 2024, on our consideration of CATCH of Brevard, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 CATCH of Brevard, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CATCH of Brevard, Inc.'s internal control over financial reporting and compliance.



Davies, Houser & Secrest, CPA, P.A.
Cocoa, Florida
January 11, 2024

FINANCIAL STATEMENTS

COMMUNITY ACCESS TO CHILD HEALTH OF BREVARD, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 543,991	\$ 555,437
Accounts receivable	44,671	13,696
Department of Health contracts receivable	326,945	639,265
Prepaid expenses	0	7,744
	<u>915,607</u>	<u>1,216,142</u>
Total current assets		
Long term assets:		
Furniture and equipment at cost, net of accumulated depreciation of \$54,858 in 2023, and \$53,368 in 2022	0	1,490
Other assets:		
ROU financing lease assets at cost, net of accumulated amortization of \$6,699 in 2023, and \$1,340 in 2022	20,097	25,456
ROU operating lease assets	173,350	221,781
Security deposits	12,800	8,000
	<u>206,247</u>	<u>255,237</u>
Total other assets		
Total assets	<u>\$ 1,121,854</u>	<u>\$ 1,472,869</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 97,325	\$ 80,763
Accrued payroll and accrued leave	84,228	141,133
Due to Department of Health	0	66,418
Short term financing lease liability	5,144	4,799
Short term operating lease liability	75,680	65,766
Other current liabilities	6,849	3,800
	<u>269,226</u>	<u>362,679</u>
Total current liabilities		
Long term liabilities:		
Long term financing lease liability	15,666	20,810
Long term operating lease liability	97,670	156,015
	<u>113,336</u>	<u>176,825</u>
Total long term liabilities		
Total liabilities	382,562	539,504
Net assets without donor restrictions	<u>739,292</u>	<u>933,365</u>
Total liabilities and net assets	<u>\$ 1,121,854</u>	<u>\$ 1,472,869</u>

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

COMMUNITY ACCESS TO CHILD HEALTH OF BREVARD, INC.

STATEMENTS OF ACTIVITIES
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Changes in net assets without donor restrictions:		
Revenues:		
Space Coast Early Steps:		
Department of Health contract	\$ 2,613,840	\$ 2,611,446
Medicaid and third-party patient services	488,107	479,961
Other income	10,399	4,608
	<u>3,112,346</u>	<u>3,096,015</u>
Total revenues		
Program expenses	2,778,562	2,709,844
General and administrative expenses	527,857	389,544
	<u>3,306,419</u>	<u>3,099,388</u>
Total expenses		
Change in net assets without donor restrictions	(194,073)	(3,373)
Net assets without donor restrictions, at beginning of year	<u>933,365</u>	<u>936,738</u>
Net assets without donor restrictions, at end of year	<u>\$ 739,292</u>	<u>\$ 933,365</u>

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

COMMUNITY ACCESS TO CHILD HEALTH OF BREVARD, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended June 30, 2023 and 2022

	2023		
	<u>SCES Program</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries	\$ 1,304,516	\$ 267,190	\$ 1,571,706
Fringe benefits	319,614	65,463	385,077
Total salaries and fringe benefits	<u>1,624,130</u>	<u>332,653</u>	<u>1,956,783</u>
Office expenses:			
Insurance	36,466	7,469	43,935
Supplies and telephone	34,368	5,038	39,406
Maintenance	15,046	3,082	18,128
Utilities	13,259	2,716	15,975
Printing	9,815	2,010	11,825
Postage	1,475	302	1,777
Total office expenses	<u>110,429</u>	<u>20,617</u>	<u>131,046</u>
Other expenses:			
External direct services	377,137	0	377,137
Internal direct services	362,089	0	362,089
Professional fees	42,154	106,243	148,397
Other costs	82,239	34,883	117,122
Staff travel	81,338	13,175	94,513
Operating lease expense	53,717	11,002	64,719
Rent expense	32,729	6,704	39,433
Interest expense	6,915	1,416	8,331
Amortization expense	4,448	911	5,359
Depreciation expense	1,237	253	1,490
Total other expenses	<u>1,044,003</u>	<u>174,587</u>	<u>1,218,590</u>
Total operating expenses	2,778,562	527,857	3,306,419
General and administrative	<u>527,857</u>	<u>(527,857)</u>	<u>0</u>
Total expenses	<u>\$ 3,306,419</u>	<u>\$ 0</u>	<u>\$ 3,306,419</u>

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

	2022		
	<u>SCES Program</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries	\$ 1,222,458	\$ 250,383	\$ 1,472,841
Fringe benefits	310,824	63,663	374,487
Total salaries and fringe benefits	1,533,282	314,046	1,847,328
Office expenses:			
Insurance	16,464	3,372	19,836
Supplies and telephone	30,929	4,708	35,637
Maintenance	13,053	2,673	15,726
Utilities	11,410	2,337	13,747
Printing	3,291	674	3,965
Postage	5,257	1,077	6,334
Total office expenses	80,404	14,841	95,245
Other expenses:			
External direct services	486,876	0	486,876
Internal direct services	353,748	0	353,748
Professional fees	29,727	22,748	52,475
Other costs	37,022	15,674	52,696
Staff travel	94,785	2,982	97,767
Operating lease expense	45,926	9,406	55,332
Rent expense	34,660	7,099	41,759
Interest expense	7,191	1,473	8,664
Amortization expense	1,112	228	1,340
Depreciation expense	5,111	1,047	6,158
Total other expenses	1,096,158	60,657	1,156,815
Total operating expenses	2,709,844	389,544	3,099,388
General and administrative	389,544	(389,544)	0
Total expenses	\$ 3,099,388	\$ 0	\$ 3,099,388

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

COMMUNITY ACCESS TO CHILD HEALTH OF BREVARD, INC.

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (194,073)	\$ (3,373)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	1,490	6,158
Amortization expense	5,359	1,340
(Increase) decrease in operating assets:		
Change in accounts receivable	(30,975)	44,692
Change in Department of Health contract receivable	312,320	(368,185)
Change in prepaid expenses	7,744	(3,118)
Change in security deposits	(4,800)	0
Increase (decrease) in operating liabilities:		
Change in accounts payable	16,562	(18,857)
Change in accrued payroll and accrued leave	(56,905)	8,580
Change in amount due to Department of Health	(66,418)	66,418
Change in other current liabilities	3,049	3,800
Net cash provided by (used in) operating activities	<u>(6,647)</u>	<u>(262,545)</u>
Cash flows from financing activities:		
Principal payments on financing lease liability	<u>(4,799)</u>	<u>(1,186)</u>
Net cash provided by (used in) financing activities	<u>(4,799)</u>	<u>(1,186)</u>
Increase (decrease) in cash and cash equivalents	(11,446)	(263,731)
Cash and cash equivalents, at beginning of year	<u>555,437</u>	<u>819,168</u>
Cash and cash equivalents, at end of year	<u>\$ 543,991</u>	<u>\$ 555,437</u>

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

COMMUNITY ACCESS TO CHILD HEALTH OF BREVARD, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the years ended June 30, 2023 and 2022

NOTE 1 - REPORTING ENTITY

Community Access to Child Health of Brevard, Inc. (CATCH of Brevard, Inc.) was organized in February 1992, for the purpose of working with the State of Florida Department of Health (DOH) to administer a Primary Care program to the special needs' children of Brevard County, Florida. Administration of the program included enrollment of qualified children and follow-up to ensure enrolled children are receiving medical care. DOH funding for the Primary Care contract was terminated as of September 30, 2015.

In January 1999, CATCH of Brevard, Inc. began administering Space Coast Early Steps (SCES), formerly known as Early Intervention Program, and has entered into grant agreements with federal and state agencies for SCES grants. SCES is designed for young children with special needs. CATCH of Brevard, Inc. coordinates service programs intended to enhance a family's ability to maximize their child's potential. SCES is currently the only active program of CATCH of Brevard, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Financial statement presentation follows the recommendations of the American Institute of Certified Public Accountants (AICPA) in its Industry Guide, "Not-for-Profit Organizations."

B. Display of Net Assets by Class

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements set forth in the "Not-for-Profit Entities" topic of the Financial Accounting Standards Board (FASB) Accounting Codification. Accordingly, the net assets of CATCH of Brevard, Inc. are reported in either of the following classes: net assets without donor restrictions or net assets with donor restrictions. The nature of the classification results from the presence or absence of donor-imposed restrictions. CATCH of Brevard, Inc. has elected to report donor-restricted contributions, whose restrictions are met in the same reporting period, as net assets without donor restrictions. In addition, CATCH of Brevard, Inc. is required to present a statement of cash flows. For the years ended June 30, 2023 and 2022, CATCH of Brevard, Inc. had no net assets with donor restrictions.

C. Contributions

As set forth in the "Not-for-Profit Entities" topic of the FASB Accounting Codification, CATCH of Brevard, Inc. records contributions received as either net assets with donor restrictions or without donor restrictions depending on the existence and nature of any donor restrictions. In the absence of donor-imposed time restrictions on the use of the asset, gifts of long-lived assets are reported as net assets without donor restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Revenues

For the SCES program, the revenues from the DOH contract are earned as allowable expenditures as incurred and the contract includes payback penalties if certain criteria are not met. Medicaid revenue is recorded at established Medicaid rates and is reported net of an estimated uncollectible portion. No significant allowance for uncollectible accounts existed as of June 30, 2023 or 2022.

E. Furniture, Equipment, Leasehold Improvements, and Software

Furniture, equipment, leasehold improvements, and software are recorded at cost. These assets are capitalized, if they have an estimated useful life greater than one year and an acquisition cost of \$1,000 or more per unit. Depreciation is computed on the straight-line basis using estimated useful lives of three to seven years for all assets. The SCES contract requires assets purchased with departmental funds to revert to the DOH, and for CATCH of Brevard, Inc. to obtain permission from DOH before disposal of the equipment.

F. Income Taxes

CATCH of Brevard, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a charitable organization. In addition, the Internal Revenue Service (IRS) has determined that CATCH of Brevard, Inc. is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. Accordingly, the accompanying financial statements do not include a provision for income taxes.

CATCH of Brevard, Inc. has no unrelated business income; however, such status is subject to final determination upon examination of the related tax returns by federal and state taxing authorities. CATCH of Brevard, Inc.’s annual informational returns are subject to examination by the IRS, generally three years after they are filed.

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

H. Cash and Cash Equivalents

For purposes of the statements of cash flows, CATCH of Brevard, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

I. Functional Expenses

The costs of CATCH of Brevard, Inc.’s programs and supporting services have been reported on a functional basis. This required specific identification of certain costs, while other costs were allocated among programs and general and administrative activities based on staff time studies conducted by management.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Leases

CATCH recognizes and measures its leases in accordance with FASB ASC 842, Leases. CATCH is a lessee in several noncancellable operating leases, for office space and other office equipment. CATCH determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. CATCH recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise CATCH uses its incremental borrowing rate. The implicit rates of CATCH's leases are not readily determinable and accordingly, CATCH uses an incremental borrowing rate based on the information available at the commencement date for all leases. CATCH's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

CATCH has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. CATCH recognizes lease costs associated with our short-term leases on a straight-line basis over the lease term.

NOTE 3 - LIQUIDITY MANAGEMENT

For year ended June 30, 2023, CATCH of Brevard, Inc. has \$915,607 of financial assets available within one year of the statement of financial position date to meet cash needs consisting of \$543,991 of cash and cash equivalents, \$44,671 of accounts receivable and \$326,945 of DOH contracts receivable.

For year ended June 30, 2022, CATCH of Brevard, Inc. had \$1,216,142 of financial assets available within one year of the statement of financial position date to meet cash needs consisting of \$555,437 of cash and cash equivalents, \$13,696 of accounts receivable, \$639,265 of DOH contracts receivable and \$7,744 of prepaid items.

NOTE 4 - OPERATING LEASES

A. Short-term leases

CATCH of Brevard, Inc. signed an expansion lease for its Melbourne location beginning May 2022, in the amount of \$1,061 per month, increasing approximately 3% every year through November 2023. Additional common area maintenance (CAM) charges for the new facility will also be incurred in the amount of \$535 per month, through November 2023. This lease was cancelled in April 2023.

NOTE 4 - OPERATING LEASES (continued)

CATCH of Brevard, Inc. signed a lease for its Melbourne location beginning December 2018, in the amount of \$963 per month, increasing approximately 3% every year through November 2023. Additional CAM charges for the new facility will also be incurred in the amount of \$501 per month, through November 2023. This lease was cancelled in April 2023.

CATCH of Brevard, Inc. signed a lease for its new Melbourne location beginning June 2023, in the amount of \$2,400 per month, through May 2024. Additional CAM charges for the new facility will also be incurred in the amount of \$376 per month, through May 2024.

The future minimum lease payments required under operating leases, with terms greater than one year are summarized as follows:

2024	<u>\$ 30,356</u>
	<u>\$ 30,356</u>

Rent expense for fiscal years ended June 30, 2023 and 2022, was \$39,433 and \$41,759, respectively.

B. Long-term leases

CATCH of Brevard, Inc. signed a lease for a Rockledge location, beginning July 2020 through September 2025, with an abatement of payment for the first three months. Payments commence October 2020, in the amount of \$6,000 per month, for the life of the contract. The incremental borrowing rate used for this lease was 3.25%.

CATCH of Brevard, Inc. entered into a lease for its Titusville location in September 2019, with a cost per month of \$709 through September 2022. This lease was extended for an additional three years through August 2025 with the monthly cost staying at \$709. The incremental borrowing rate used for this lease was 5.50%.

	<u>2023</u>	<u>2022</u>
	\$ 173,350	\$ 221,781
Less current portion	<u>75,680</u>	<u>65,766</u>
	<u>\$ 97,670</u>	<u>\$ 156,015</u>

Future payments of operating lease liabilities are as follows:

2024	\$ 75,680
2025	78,359
2026	<u>19,311</u>
	<u>\$ 173,350</u>

Operating lease expense for fiscal years ended June 30, 2023 and 2022, was \$64,719 and \$55,332, respectively. Interest expense for fiscal years ended June 30, 2023 and 2022, was \$8,331 and \$8,664, respectively.

NOTE 5 - FINANCING LEASES

Financing leases consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Copier lease, payable \$384 monthly, including interest of 5%, due March 2027	\$ 15,733	\$ 19,455
Copier lease, payable \$122 monthly, including interest of 5%, due May 2027	<u>5,077</u>	<u>6,154</u>
	20,810	25,609
Less current portion	<u>5,144</u>	<u>4,799</u>
	<u>\$ 15,666</u>	<u>\$ 20,810</u>

Future maturities of financing lease debt are as follows:

2024	\$ 5,144
2025	5,407
2026	5,685
2027	<u>4,574</u>
	<u>\$ 20,810</u>

NOTE 6 - FRINGE BENEFITS AND PENSION CONTRIBUTIONS

In fiscal year 2023, CATCH of Brevard, Inc. changed from a simplified employee pension (SEP) plan to a 401K plan. The amount contributed to the 401K plan during the year ended June 30, 2023 was \$60,770. The amount contributed to the former SEP plan during the year ended June 30, 2022 was \$136,501. Other benefits included in fringe benefits expense are employer FICA and Medicare match, workers’ compensation premiums, unemployment compensation premiums, and group health insurance premiums. An allowance of 33% of salary expense is included in the DOH contracts to cover these benefit costs.

NOTE 7 - CONTINGENCIES AND COMMITMENTS

CATCH of Brevard, Inc. has a SCES contract with DOH through June 30, 2024, and funding will be similar to prior years. Provisions in the contract allow either party to terminate the contract, without cause, with 30 days advance notice.

CATCH of Brevard, Inc. also receives a significant amount of its funding from Medicaid third-party reimbursements. The United States Congress is continually reviewing eligibility criteria for Medicaid funds. The future existence of CATCH of Brevard, Inc. is dependent upon continued funding by the DOH and Medicaid.

NOTE 8 - RELATED PARTY TRANSACTIONS

During the years ended June 30, 2023 and 2022, the Board of Directors (the Board) was not compensated by CATCH of Brevard, Inc., for services rendered as medical directors as well as board members.

CATCH of Brevard, Inc. also incurred expenses of \$211,197 and \$205,343, for medical practices from organizations related to members of the Board for client services, including \$16,567 and \$21,232, payable on June 30, 2023 and 2022, respectively. These expenses were, or will be, reimbursed by CATCH of Brevard, Inc. on terms equivalent to other arm's length transactions with organizations in which medical practice services are provided.

NOTE 9 - CONCENTRATIONS OF CREDIT RISK

CATCH of Brevard, Inc. maintained a cash balance in excess of the FDIC insured limits by \$301,708 and \$118,758, as of June 30, 2023 and 2022, respectively. CATCH of Brevard, Inc. is considering implementing a policy of transferring cash to various banks in an effort to maximize its FDIC insured cash balance.

CATCH of Brevard, Inc.'s principal business activity is located within Brevard County. As of June 30, 2023, and 2022, net receivables from the DOH, Medicaid, and other third-party payers totaled \$371,616 and \$652,961, respectively, and represent a significant portion of the assets of CATCH of Brevard, Inc.

NOTE 10 - FASB ACU 842 NEW ACCOUNTING GUIDANCE IMPLEMENTATION

ASU 2016-02, Leases (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled leases. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021.

Management adopted the requirements of the new guidance as of January 1, 2022, utilizing the full retrospective method of transition. See Note 12: CHANGE OF ACCOUNTING PRINCIPLE for changes for prior year financials.

NOTE 11 - SUBSEQUENT EVENTS

CATCH of Brevard, Inc. has evaluated events through January 11, 2024, the date which the financial statements were available to be issued.

NOTE 12 - CHANGE OF ACCOUNTING PRINCIPLE

During the year ended June 30, 2023, CATCH of Brevard, Inc. adopted the new lease accounting standards referenced in Note 10. The ASU changed the titling and accounting for all types of leases. Leases formally known as capital leases are now referred to as financing leases while the treatment of operating leases created assets and liabilities that did not exist before. The changes to operating leases changed the classification of the expenses associated with the leases.

NOTE 12 - CHANGE OF ACCOUNTING PRINCIPLE (continued)

The following lines from the statements of financial position and activities show the unadjusted figures, the adjusted figures and the change to restate the prior period financials:

	<u>2022 Unadjusted</u>	<u>2022 Adjusted</u>	<u>Change</u>
Statements of financial position:			
Furniture and equipment at cost, net of accumulated depreciation	\$ 26,946	\$ 1,490	\$ (25,456)
ROU financing lease assets at cost, net of accumulated amortization	\$ 0	\$ 25,456	\$ 25,456
ROU operating lease assets	\$ 0	\$ 221,781	\$ 221,781
Short term operating lease liability	\$ 0	\$ 65,766	\$ (65,766)
Long term operating lease liability	\$ 0	\$ 156,015	\$ (156,015)
Statements of functional expenses:			
Rent expense	\$ 105,425	\$ 41,759	\$ (63,666)
Operating lease expense	\$ 0	\$ 55,332	\$ 55,332
Interest expense	\$ 330	\$ 8,664	\$ 8,334
Depreciation expense	\$ 7,498	\$ 6,158	\$ (1,340)
Amortization expense	\$ 0	\$ 1,340	\$ 1,340

SUPPLEMENTARY INFORMATION

COMMUNITY ACCESS TO CHILD HEALTH OF BREVARD, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

For the year ended June 30, 2023

Employer Identification Number: 59-3103019

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA/ CFSA Number</u>	<u>State Contract Number</u>	<u>Program or Award Amount</u>	<u>Amounts Expended</u>
Federal awards:				
Federal awards passed through from the Florida Department of Health:				
United States Department of Education:				
Office of Special Education Programs:				
Grants for Infants and Families	84.181	COQZK	\$ 853,216	\$ <u>853,216</u>
Federal totals				<u>853,216</u>
State financial assistance:				
State of Florida Department of Health:				
Children's Medical Services:				
Children's Special Health Care:				
Developmental Evaluation	64.022	COQZK	\$ 1,760,624	\$ <u>1,760,624</u>
State totals				<u>1,760,624</u>
Total expenditures of federal awards and state financial assistance				\$ <u><u>2,613,840</u></u>

COMMUNITY ACCESS TO CHILD HEALTH OF BREVARD, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the year ended June 30, 2023

NOTE 1 - GENERAL

The accompanying schedule of expenditures of federal awards and state financial assistance presents the activity of all federal award programs and state financial assistance projects of Community Access to Child Health of Brevard, Inc. (CATCH of Brevard, Inc.). CATCH of Brevard, Inc. reporting entity is defined in Note 1 of CATCH of Brevard, Inc.'s financial statements. The accounting policies and presentation of the Single Audit Report have been designed to conform to accounting principles generally accepted in the United States of America. Conformance also includes the reporting and compliance requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Florida Single Audit Act.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Florida Single Audit Act, wherein certain types of expenditures may or may not be allowed or may be limited as to reimbursement. CATCH of Brevard, Inc. has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



DAVIES, HOUSER & SECREST, CPA, P.A.

Shareholders

Stephen A. Ellis
Todd M. Russell
Shawn M. Yount

Directors Emeritus/Directors

Floyd C. Lemmon
Donna L. Young

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Community Access to Child Health of Brevard, Inc.
Rockledge, 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 Community Access to Child Health of Brevard, Inc. (CATCH of Brevard, Inc.), (a non-profit organization), which comprise the statement of financial position as of June 30, 2023, and the related 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 January 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CATCH of Brevard, Inc.'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 of the effectiveness of CATCH of Brevard, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of CATCH of Brevard, Inc.'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CATCH of Brevard, Inc.'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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read "Dancy Houser & Secret".

Davies, Houser & Secret, CPA, P.A.
Cocoa, Florida
January 11, 2024



DAVIES, HOUSER & SECREST, CPA, P.A.

Shareholders

Stephen A. Ellis
Todd M. Russell
Shawn M. Yount

Directors Emeritus/Directors

Floyd C. Lemmon
Donna L. Young

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

To the Board of Directors
Community Access to Child Health of Brevard, Inc.
Rockledge, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Community Access to Child Health of Brevard, Inc.'s (CATCH of Brevard, Inc.), (a non-profit organization), compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on CATCH of Brevard, Inc.'s major federal program and state project for the year ended June 30, 2023. CATCH of Brevard, Inc.'s major federal program and state project are identified in the summary of auditor's results section of the accompanying schedules of findings and questioned costs.

In our opinion, CATCH of Brevard, Inc. 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 federal program and state project for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General. Our responsibilities under the standards above are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CATCH of Brevard, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of CATCH of Brevard, Inc.'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 and grant agreements applicable to CATCH of Brevard, Inc.'s federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements above occurred, whether due to fraud or error, and to express an opinion on CATCH of Brevard, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about CATCH of Brevard, Inc.'s compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance, 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 CATCH of Brevard, Inc.'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 CATCH of Brevard, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstance and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of CATCH of Brevard, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Davies, Houser & Secrest, CPA, P.A.
Cocoa, Florida
January 11, 2024

COMMUNITY ACCESS TO CHILD HEALTH OF BREVARD, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FEDERAL AWARDS PROGRAMS
 For the year ended June 30, 2023

I. Summary of auditor's results	Answers
1. Type of report issued on financial statements	Unmodified
2. Significant deficiencies in internal control disclosed by the audit of the financial statements	None
3. Noncompliance which is material to the audited financial statements	None
4. Significant deficiencies in internal control over major programs disclosed by the audit	None
5. Type of report on compliance for major programs	Unmodified
6. Audit findings required to be reported in accordance with 2 CFR 200.516(a)	None
7. Identification of major federal programs	United States Department of Education - Office of Special Education programs passed through the FL Dept. of Health: Special Education – Grants for Infants and Families CFDA #84.181
8. Dollar threshold for type A programs	\$750,000
9. Low risk auditee	Yes
II. Findings required to be reported in accordance with generally accepted <i>Government Auditing Standards</i>	None
III. Findings and questioned costs relating to federal awards	None

COMMUNITY ACCESS TO CHILD HEALTH OF BREVARD, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FEDERAL AWARDS PROGRAMS
For the year ended June 30, 2023

No prior year findings.

COMMUNITY ACCESS TO CHILD HEALTH OF BREVARD, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS
For the year ended June 30, 2023

I. Summary of auditor's results	Answers
1. Type of report issued on financial statements	Unmodified
2. Significant deficiencies in internal control disclosed by the audit of the financial statements	None
3. Noncompliance which is material to the audited financial statements	None
4. Significant deficiencies in internal control over major projects disclosed by the audit	None
5. Type of report on compliance for major projects	Unmodified
6. Audit findings required to be reported in accordance with Chapter 10.656, Rules of the Auditor General	None No Management Letter Issued
7. Identification of major state financial assistance projects	State of Florida Department of Health – Children's Medical Services: Children's Special Health Care – Developmental Evaluation CFDA #64.022
8. Dollar threshold for type A programs	\$300,000
II. Findings required to be reported in accordance with generally accepted <i>Government Auditing Standards</i>	None
III. Findings and questioned costs relating to state financial assistance	None
IV. Prior year's audit findings	None