

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

June 30, 2023 and 2022

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MEMBERS

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Florida Pregnancy Care Network, Inc. (a Florida nonprofit organization), which comprise the statements of financial position as of June 30, 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 Florida Pregnancy Care Network, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Florida Pregnancy Care Network, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.650, *Rules of the State of Florida Auditor General*, and is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2024 on our consideration of Florida Pregnancy Care Network, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Florida Pregnancy Care Network, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Florida Pregnancy Care Network, Inc.'s internal control over financial reporting and compliance.

Thomson Black & Company

Tallahassee, Florida
January 12, 2024

FLORIDA PREGNANCY CARE NETWORK, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 56,447	\$ 95,513
Grants receivable	651,145	926,454
Prepaid expenses	-	425
Security deposits	400	400
TOTAL CURRENT ASSETS	707,992	1,022,792
NONCURRENT ASSETS		
Property and equipment, net	192,462	168,404
Right of use asset	34,899	50,989
	\$ 935,353	\$ 1,242,185
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 195,912	\$ 364,614
Service provider payables	482,793	624,572
Lease payable - operating	17,711	16,090
TOTAL CURRENT LIABILITIES	696,416	1,005,276
NONCURRENT LIABILITIES		
Lease payable - operating	17,188	34,899
TOTAL LIABILITIES	713,604	1,040,175
NET ASSETS		
Without donor restriction	221,749	202,010
	\$ 935,353	\$ 1,242,185

See accompanying notes.

FLORIDA PREGNANCY CARE NETWORK, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS		
FPSSP grant/contract	\$ 3,602,026	\$ 4,340,046
Contributions	2,906	4,755
Donated services	<u>2,400</u>	<u>2,330</u>
 TOTAL REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS	 3,607,332	 4,347,131
 EXPENSES		
FPSS program services	3,501,383	4,156,947
General and administrative	<u>86,210</u>	<u>147,594</u>
 TOTAL EXPENSES	 <u>3,587,593</u>	 <u>4,304,541</u>
 CHANGE IN NET ASSETS	 19,739	 42,590
 NET ASSETS, BEGINNING OF YEAR	 <u>202,010</u>	 <u>159,420</u>
 NET ASSETS, END OF YEAR \$	 <u><u>221,749</u></u>	 \$ <u><u>202,010</u></u>

See accompanying notes.

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

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

See accompanying notes.

FLORIDA PREGNANCY CARE NETWORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	<u>FPSS</u> <u>Program</u>	<u>General and</u> <u>Administrative</u>	<u>Total</u>
Direct counseling	\$ 3,408,409	\$ -	\$ 3,408,409
Program wellness service	310,789	-	310,789
Program awareness campaign	250,000	-	250,000
Salaries & wages	81,631	77,906	159,537
Call center	42,000	-	42,000
Depreciation	559	534	1,093
Professional fees	-	16,913	16,913
Rent	8,903	8,497	17,400
IT support	5,433	5,186	10,619
Employee benefit	7,745	7,392	15,137
Payroll taxes	6,330	6,042	12,372
Training	6,841	483	7,324
Contract labor	559	534	1,093
Security	542	518	1,060
Telephone & communications	2,394	2,285	4,679
Printing	7,020	6,700	13,720
Travel	2,611	-	2,611
Office cleaning	1,151	1,099	2,250
Supplies	3,255	3,106	6,361
Other expenses	759	724	1,483
Insurance	882	841	1,723
Postage & delivery	2,408	2,298	4,706
Utilities	542	518	1,060
Website hosting	5,297	5,055	10,352
Contributions	500	-	500
Equipment rental	387	369	756
Awards and recognition	-	-	-
Interest	-	594	594
	<u>\$ 4,156,947</u>	<u>\$ 147,594</u>	<u>\$ 4,304,541</u>

See accompanying notes.

FLORIDA PREGNANCY CARE NETWORK, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 19,739	\$ 42,590
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	27,582	1,093
(Increase) decrease in:		
Grants receivable	275,309	(204,192)
Prepaid expenses	425	(425)
Increase (decrease) in:		
Accounts payable and accrued expenses	(168,702)	344,555
Service provider payables	<u>(141,779)</u>	<u>(124,612)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	12,574	59,009
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(51,640)</u>	<u>(40,000)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(51,640)</u>	<u>(40,000)</u>
NET (DECREASE) INCREASE IN CASH	(39,066)	19,009
CASH, BEGINNING OF YEAR	<u>95,513</u>	<u>76,504</u>
CASH, END OF YEAR \$	<u><u>56,447</u></u>	<u><u>95,513</u></u>
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest expense	\$ <u><u>97</u></u>	\$ <u><u>48</u></u>

See accompanying notes.

FLORIDA PREGNANCY CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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

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

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

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

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

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

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

FLORIDA PREGNANCY CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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

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

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

Due to its tax-exempt status, the Network is not subject to U.S. federal income tax or state income tax. The Network’s Form 990 has not been subject to examination by the Internal Revenue Service or the state of Florida for the last three (3) years. The Network does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve (12) months. The Network recognizes interest and/or penalties related to income tax matters in income tax expense. The Network did not have any amounts accrued for interest and penalties at June 30, 2023.

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

Donated Services - Donated services are recognized as contributions in accordance with FASB Codification 958-605, *Revenue Recognition*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Network. For the years ending June 30, 2023 and 2022, the Network recognized in-kind contributions for professional services in the amount of \$2,330 for both years. All in-kind contributions are recorded at fair value in the period donated.

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

Subsequent Events - Management has performed an analysis of the activities and transactions subsequent to June 30, 2023, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2023. Management has performed their analysis through January 12, 2024 the date the financial statements were available to be issued.

FLORIDA PREGNANCY CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 - GRANTS RECEIVABLE

Grant receivables are due from Florida Department of Health, Division of Family Health Services and are recorded when services are provided. The Network's grant receivables as of June 30, 2023 and 2022, are due in less than one (1) year and management believes that all receivables are fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	Useful Lives		2023		2022
Client intake software	7	\$	216,640	\$	165,000
Computer equipment	5 - 7		11,720		11,720
Furniture and fixtures	5 - 7		2,120		2,554
			230,480		179,274
Less: accumulated depreciation			(38,018)		(10,870)
		\$	192,462	\$	168,404

Depreciation expense for the years ended June 30, 2023 and 2022, amounted to \$27,582 and \$1,093, respectively.

NOTE 4 - LINE OF CREDIT

On June 3, 2020, the Network renewed an unsecured line of credit with a commercial bank. Interest is charged monthly based on the Wall Street Journal Prime Rate plus 2%. As of June 30, 2023 and 2022, the outstanding balance due on the line amounted to \$0 for both years, with a remaining balance available to draw in the amount of \$15,000 for each year. Interest and fee expense incurred on the line of credit for the years ended June 30, 2023 and 2022, amounted to \$91 and \$0, respectively.

NOTE 5 - CONCENTRATIONS

The Network's main source of revenue is derived from funds received from the Florida Department of Health, Division of Family Health Services. For the years ended June 30, 2023 and 2022, the Network received funds from one (1) contract that comprised 99% of its total revenue for each year, respectively.

FLORIDA PREGNANCY CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 6 - FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE 7 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Network’s financial assets available to meet cash needs for general expenditures within one (1) year amounted to \$56,447 and \$95,513, respectively, for the years ended June 30, 2023 and 2022. The amounts were made up entirely of cash. The Network relies on the Florida Department of Health (“DOH”) for its availability of resources. On a monthly basis the Network invoices the DOH for the Pregnancy Support Services Program. A portion of these invoices includes the Network’s management fee which is paid based on a fixed fee per provider each month.

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

NOTE 8 – OPERATING LEASE

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

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

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ <u>17,400</u>	\$ <u>17,400</u>
Other lease information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow from operating lease	\$ 17,400	\$ 17,400
Right-of-use assets obtained for new operating lease liabilities	\$ -	\$ -
Weighted-average remaining lease terms:		
Operating leases	4 years	4 years
Weighted-average discount rate:		
Operating lease	3%	3%

FLORIDA PREGNANCY CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 8 – OPERATING LEASE (Continued)

The future payments due under operating and finance leases as of June 30, 2023, are as follows:

For the years ending June 30, 2024	\$	18,000
2025		18,000
		<u>36,000</u>
Less: discounting		<u>(1,101)</u>
	\$	<u><u>34,899</u></u>

NOTE 9 - CHANGE IN ACCOUNTING PRINCIPLES

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Network elected to adopt these ASUs effective June 30, 2023 and utilized all of the available practical expedients. The adoption did not have a material impact on the Network's statement of financial position or on the statement of activities and no restatement was needed.

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

FLORIDA PREGNANCY CARE NETWORK, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2023

<u>Grantor/Program Title</u>	<u>CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
<u>Florida Department of Health</u>				
Pregnancy Support Services Program	64.080	COHCE	\$ <u>3,062,026</u>	\$ <u>2,759,233</u>
Total expenditures of state financial assistance			\$ <u>3,062,026</u>	\$ <u>2,759,233</u>

Notes to Schedule of Expenditures of State Financial Assistance

Basis of Presentation

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

See independent auditors' report.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Florida Pregnancy Care Network, Inc. (the "Network"), which comprise the statements of financial position as of June 30, 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, and have issued our report thereon dated January 12, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Network's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Network's internal control. Accordingly, we do not express an opinion on the effectiveness of the Network's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Network's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Network's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Network's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomson Black & Veatch Company

Tallahassee, Florida
January 12, 2024

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

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

Report on Compliance for Each Major State Project

We have audited the Florida Pregnancy Care Network, Inc.'s (the "Network") compliance with the types of compliance requirements described in the *Department of the Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the Network's major state project for the year ended June 30, 2023. The Network's state project is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Network's major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the State of Florida Auditor General*. Those standards and Chapter 10.650 *Rules of the State of Florida Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Network's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Project

In our opinion, the Network complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended June 30, 2023.

Report on Internal Control Over Compliance

Management of the Network is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Network's internal control over compliance with the types of requirements that could have a direct and material effect on its major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the State of Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Network's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Thomson Black Veatch Company

Tallahassee, Florida
January 12, 2024

FLORIDA PREGNANCY CARE NETWORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Part A - SUMMARY OF AUDIT RESULTS

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

Part B - FINDINGS - FINANCIAL STATEMENTS AUDIT

1. No matters were reported.

Part C - FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECT

1. No matters were reported.

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

1. No matters were reported.

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Florida Pregnancy Care Network, Inc., as of and for the year ended June 30, 2023, and have issued our report thereon dated January 12, 2024.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance with Requirements that could have a Direct and Material Effect on its Major State Project and on Internal Control over Compliance in Accordance with Chapter 10.650, *Rules of the State of Florida Auditor General*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 12, 2024, should be considered in conjunction with this management letter.

Additional Matters

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

PRIOR YEAR COMMENTS:

None.

CURRENT YEAR COMMENTS:

Procurement Policy – We noted during the audit that the Network does not have a formalized Procurement Policy in place for purchasing goods and services. A Procurement Policy would provide clear guidelines as to how purchases over certain thresholds should be conducted to promote cost effectiveness, documentation on fair competitive bidding, cost-benefit analysis, and other attributes that align with the goals and the mission of the Organization. We recommend that the Management work with the Board in adopting a Procurement Policy.

Purpose of This Letter

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

Thomson Black & Company

Tallahassee, Florida

January 12, 2024