

**FLORIDA COMMUNITY HEALTH
CENTERS, INC.
and Subsidiaries**

**Consolidated Financial Statements
and Additional Information
with
Independent Auditors' Report**

Years ended March 31, 2024 and 2023

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KMETZ • ELWELL • GRAHAM & ASSOCIATES, PLLC
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
Florida Community Health Centers, Inc. and Subsidiaries
West Palm Beach, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements Florida Community Health Centers, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statements of financial position as of March 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Florida Community Health Centers, Inc. and Subsidiaries as of March 31, 2024 and 2023, 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 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 Community Health Centers, Inc. and Subsidiaries 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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To the Board of Directors
Florida Community Health Centers, Inc. and Subsidiaries
West Palm Beach, Florida

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 consolidated 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 Community Health Centers, Inc. and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Florida Community Health Centers, Inc. and Subsidiaries' 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.

To the Board of Directors
Florida Community Health Centers, Inc. and Subsidiaries
West Palm Beach, Florida

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 by the State of Florida, Chapter 10.650, *Rules of the Auditor General*, and the schedule of federal grant line items are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 federal awards and the schedule of federal grant line items are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 13, 2024 on our consideration of Florida Community Health Centers, 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 Community Health Centers, 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 Community Health Centers, Inc.'s internal control over financial reporting and compliance.

Kmetz, Elwell, Graham & Associates

Kmetz, Elwell, Graham & Associates, PLLC
Certified Public Accountants
Vero Beach, Florida

November 13, 2024

Florida Community Health Centers, Inc. and Subsidiaries
Consolidated Statements of Financial Position

March 31,	2024	2023
Assets		
Current Assets:		
Cash and cash equivalents	\$ 18,585,336	\$ 15,118,398
Accounts receivable (net)	936,255	3,440,270
Grants receivable	1,251,293	1,409,977
Inventory	266,206	515,885
Prepaid expenses	371,947	364,483
Current portion of right-of-use assets - operating leases	327,986	284,770
Total current assets	21,739,023	21,133,783
Other Assets:		
Deposits	63,048	63,048
Loan costs, net of amortization	22,067	23,180
Investments	4,580,915	3,880,557
Investment in limited liability companies	346,481	346,481
Right-of-use assets - operating leases (less current portion)	369,083	548,642
Total other assets	5,381,594	4,861,908
Property and equipment, net	16,673,105	17,421,585
Total assets	\$ 43,793,722	\$ 43,417,276
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 850,822	\$ 1,023,096
Current portion of long-term debt	102,035	98,009
Accrued liabilities	1,090,816	640,766
Current portion of lease obligations - operating leases	327,986	284,770
Total current liabilities	2,372,027	2,046,641
Long-Term Liabilities:		
Accrued vacation	999,783	1,008,083
Long-term debt (less current portion)	2,528,922	2,630,958
Lease obligations - operating leases (less current portion)	369,083	548,642
Total long-term liabilities	3,897,788	4,187,683
Net Assets:		
Without donor restrictions	37,523,907	37,182,952
Total net assets	37,523,907	37,182,952
Total liabilities and net assets	\$ 43,793,722	\$ 43,417,276

See accompanying notes to financial statements.

Florida Community Health Centers, Inc. and Subsidiaries
Consolidated Statements of Activities and Changes in Net Assets

For the years ended March 31,	2024	2023
Revenues		
Grants	\$ 14,923,904	\$ 15,891,384
Patient service income, net	23,153,963	25,215,575
Pharmacy revenues, net	4,687,651	5,317,024
In-kind contributions	212,585	166,911
Investment income	545,082	86,078
Other revenues	762,165	961,923
Total revenues	44,285,350	47,638,895
Expenses		
Program services:		
HHS Public Health	35,770,301	35,018,268
Supporting services:		
Management and general	8,174,094	7,188,282
Total expenses	43,944,395	42,206,550
Increase in net assets	340,955	5,432,345
Net assets		
Without donor restrictions:		
Beginning of year	37,182,952	31,750,607
End of year	\$ 37,523,907	\$ 37,182,952

See accompanying notes to financial statements.

Florida Community Health Centers, Inc. and Subsidiaries
Consolidated Statements of Functional Expenses
For the years ended March 31, 2024 and 2023

	Program Services		Supporting Services		Total	
	HHS Public Health		Management and General			
	2024	2023	2024	2023	2024	2023
Personnel	\$ 21,946,649	\$ 22,539,167	\$ 3,922,659	\$ 3,957,591	\$ 25,869,308	\$ 26,496,758
Fringe benefits	4,224,639	4,072,060	1,351,837	981,019	5,576,476	5,053,079
Minor equipment	485,965	258,609	8,951	26,620	494,916	285,229
Patient care	1,405,045	1,300,568	-	-	1,405,045	1,300,568
Travel	149,789	104,189	76,127	100,059	225,916	204,248
Supplies	832,240	924,626	100,681	85,035	932,921	1,009,661
Legal	-	-	47,070	(58,243)	47,070	(58,243)
Auditing	-	-	70,900	60,100	70,900	60,100
Outside consulting	3,018,708	2,426,881	1,274,676	1,101,963	4,293,384	3,528,844
Postage and freight	59,657	61,286	21,228	25,909	80,885	87,195
Taxes and licenses	37,079	79,869	23,464	20,575	60,543	100,444
Equipment lease and maintenance	184,093	153,368	51,264	45,567	235,357	198,935
Insurance	320,656	264,526	168,247	111,964	488,903	376,490
Utilities and telephone	718,862	613,481	124,780	109,918	843,642	723,399
Occupancy	833,837	799,739	51,356	38,938	885,193	838,677
Other	288,363	278,097	822,897	527,036	1,111,260	805,133
Interest	45,868	47,032	56,844	59,023	102,712	106,055
Depreciation and amortization	1,218,851	1,094,770	1,113	(4,792)	1,219,964	1,089,978
Total expenses	\$ 35,770,301	\$ 35,018,268	\$ 8,174,094	\$ 7,188,282	\$ 43,944,395	\$ 42,206,550

See accompanying notes to financial statements.

Florida Community Health Centers, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

For the years ended March 31,	2024	2023
Cash flows from operating activities:		
Increase in net assets	\$ 340,955	\$ 5,432,345
Adjustments to reconcile changes in net assets to net cash flows provided by (used for) operating activities:		
Depreciation and amortization	1,219,964	1,095,883
(Increase) decrease in:		
Accounts receivable, net	2,504,015	569,590
Grants receivable	158,684	453,237
Inventory	249,679	(4,294)
Prepaid expenses	(7,464)	30,302
Right-of-use asset operating lease	136,343	(833,412)
Increase (decrease) in:		
Accounts payable	(172,274)	92,829
Deferred revenue	368	-
Accrued liabilities	441,750	159,978
Lease liability	(136,343)	833,412
Net cash provided by operating activities	4,735,677	7,829,870
Cash flows from investing activities:		
Payments for property and equipment	(470,370)	(1,137,119)
Purchase of investments (net)	(700,358)	(3,037,270)
Net cash used for investing activities	(1,170,728)	(4,174,389)
Cash flows from financing activities:		
Payments of principal on long-term debt	(98,011)	(94,661)
Net cash used for financing activities	(98,011)	(94,661)
Net increase (decrease) in cash	3,466,938	3,560,820
Cash and cash equivalents, beginning of year	15,118,398	11,557,578
Cash and cash equivalents, end of year	\$ 18,585,336	\$ 15,118,398
See accompanying notes to financial statements.		
Supplemental cash flow information:		
Cash paid during the year for interest	<u>\$ 102,712</u>	<u>\$ 106,055</u>

Florida Community Health Centers, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the years ended March 31, 2024 and 2023

Note 1 – Nature of Organization and Purpose

Organization and Purpose

Florida Community Health Centers, Inc. and Subsidiaries (FCHC) are a nonprofit consumer directed health-care corporation predominantly serving the medically needy rural and farm worker populations in the South Central Florida counties surrounding Lake Okeechobee and on the Treasure Coast. The service area encompasses Hendry, Glades, Okeechobee, St. Lucie, Martin, and Palm Beach Counties. FCHC was incorporated on July 1, 1976. FCHC is operated by and for the benefit of its health care consumers. FCHC is governed by a volunteer Board of Directors composed of a consumer majority. Members also include local health care professionals and business and civic leaders. The administrative headquarters is located in West Palm Beach, Florida. A staff of approximately 420 employees, including physicians, dentists, nurses, other providers, and support personnel provide comprehensive primary health services throughout FCHC's network of fifteen ambulatory health centers. FCHC facilities are located in Clewiston, Okeechobee, West Palm Beach, Fort Pierce, Indiantown, Port St. Lucie, Stuart, Moore Haven, Pahokee and Belle Glade.

The U.S. Department of Health and Human Services (DHHS) provides substantial support to FCHC. FCHC is obligated under the terms of the DHHS grants to comply with specified conditions and program requirements set forth by the grantor.

On October 31, 2019, FCHC filed articles of organization with the State of Florida to form its wholly owned subsidiary FCHC City Center, LLC. The Company's purpose is to acquire and hold ownership to a parcel of land. On January 29, 2020, FCHC filed articles of organization with the State of Florida to form its wholly owned subsidiary FCHC 9576 US 1, LLC. The Company's purpose is to acquire and hold ownership to a building. As single member Limited Liability Companies (LLC's), the entities are disregarded for purposes of the Internal Revenue Code.

Income Tax Status

FCHC is exempt from federal income tax under Section 501(c)3 of the Internal Revenue Code, except on net income derived from unrelated business activities. At March 31, 2024 and 2023, FCHC has no recognized tax liability on unrelated business activities. FCHC is not classified as a private foundation.

FCHC has analyzed the tax positions taken and has concluded that as of March 31, 2024 and 2023, there are no material uncertain positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements. FCHC's tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

Note 2 – Summary of Significant Accounting Policies

Method of Accounting

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles using the accrual basis of accounting.

Basis of Presentation

Contributions, including certain grants, are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in donor restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Program service and other revenues and expenses are unrestricted activities.

Florida Community Health Centers, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash and deposit accounts that are readily convertible into cash and have original maturities of three months or less. FCHC maintains its cash in bank deposit accounts which exceed federally insured limits. FCHC has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk related to cash.

Inventories

Inventories of medical, office and janitorial supplies and pharmaceuticals are stated at the lower of cost or net realizable value (whichever is lower), with cost determined on a first-in, first-out basis (FIFO).

Investments

Investments and investments in limited liability companies are carried at fair value. The fair value of limited liability companies is based on significant unobservable inputs. Unrealized gains and losses are included in the change in net assets in the accompanying Consolidated Statement of Activities and Changes in Net Assets.

Property and Equipment

Property and equipment acquisitions greater than \$5,000 are capitalized and stated at cost. Donated property and equipment is recorded at the fair market value at the date of the gift. Depreciation is provided on a straight-line basis over the estimated useful life of the asset.

Estimated useful lives of property and equipment range as follows:

Office, furniture and fixtures	5 - 10 years
Computer and office equipment	3 - 10 years
Medical and dental equipment	3 - 15 years
Buildings and improvements	5 - 30 years
Software	3 years

Property and equipment acquired by FCHC with Federal and State funds are considered to be owned by FCHC. Florida administrative code provides that real property purchased, constructed, or expanded with State funds shall be used for the originally authorized purpose for a period of twenty years. The Code of Federal Regulations provides that real property purchased, constructed, or expanded with Federal funds shall be used for the originally authorized purpose as long as it is needed and shall not be encumbered without approval of the Federal awarding agency. The State and Federal agencies maintain an equitable interest in the property purchased as well as the right to determine the use of any proceeds from the sale of these assets. FCHC obtains approval from the State and Federal agencies when the use of such property is changed.

Florida Community Health Centers, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

The following is a schedule of property and equipment, which have the aforementioned limitation:

Year	Description	
Property and Equipment Purchased with Federal Contracts		
2011	Fred Brown Community Health Center	\$ 1,604,955
2013/2014	Fort Pierce Renovations	500,000
2017	Indiantown Oral Health Service Expansion	150,000
2017	Delivery System Health Information Investment	108,672
2017/2018/2019	Indiantown Health Infrastructure	1,000,000
2018	Health Center Quality Improvement Equipment	15,272
2022	Ft. Pierce Infrastructure Improvements	108,418
2022	Clewiston Improvements	122,200
2022	Lakeshore Medical Improvements	67,303
2022	Indiantown Health Infrastructure	25,385
2023	Ft. Pierce Infrastructure Improvements	84,231
2023	Clewiston Improvements	156,766
2023	Lakeshore Medical Improvements	206,777
2023	Indiantown Health Infrastructure	142,192
2024	Medical Mobile Unit	176,393
2024	Ft. Pierce Infrastructure Improvements	22,916
2024	Clewiston Improvements	48,236
2024	Lakeshore Medical Improvements	7,799
		\$ 4,547,515
Property and Equipment Purchased with State Contracts		
2012	Fort Pierce Dental Expansion	\$ 725,400
2017	Clewiston Expansion	372,396
		\$ 1,097,796

Leases

FCHC determines whether to account for its leases as operating, capital or financing leases depending on the underlying terms of the lease agreements. This determination of classification is complex and requires significant judgement about the Organization's cost of funds, minimum lease payments and other lease terms. Additionally, the Organization has made the accounting policy election not to recognize right-of-use assets and lease liabilities for leases of 12 months or less and therefore, these are expensed on a straight-line basis. Lease and non-lease components are accounted for together as a single lease component for operating leases associated with office space and equipment leases.

Accrued Absences

Employees may accumulate unused vacation up to 160 hours at year-end. All accumulated vacation is payable to employees upon termination or retirement at the current rate of pay if employed more than 90 days. All accrued vacation over 160 hours at fiscal year-end is transferred to sick leave. Accumulated unpaid vacation is accrued as a liability and charged to expense as an employee works. Sick leave can accrue up to 480 hours at year-end. There is no pay out for sick leave upon termination. Therefore, FCHC does not accrue any liability or expense for sick leave.

Florida Community Health Centers, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Revenue Recognition

FCHC recognizes revenue in accordance with Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the guidance is that entities recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. No contract assets or liabilities were recorded for the fiscal year.

Donated Materials, Services and Facilities

Donated materials, services and facilities received during the year are reflected as in-kind contributions in the accompanying statements at their estimated values on the date of receipt. Contributions of services are recognized if the services received create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by the donation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Consolidated Statement of Functional Expenses. Accordingly, certain costs have been allocated among the Program and Supporting Services benefited. Methods of allocating costs to locations and programs include specific identification, time and effort, and square footage analysis as appropriate to the underlying natural expense categories.

Use of Estimates

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

Allowance for Credit Losses

As needed, the Organization accrues an allowance for credit losses for estimated losses that result from the failure or inability of grantors to make required payments. When determining the allowance, the Organization considers the probability of recoverability of receivables based on expected losses and recoveries, taking into account current collection trends as well as general economic factors. The analysis of all classes of receivables is performed throughout the year. For the year ended March 31, 2024, and 2023, management determined that an allowance was not necessary for grants receivable. Accordingly, the balance of the allowance for credit losses for grants receivable is \$0 and \$0 at March 31, 2024 and 2023, respectively. A separate allowance for credit losses is accrued for estimated losses resulting from the failure or inability of patients to make required payments as discussed in Note 3. The allowance for patient related accounts receivable at March 31, 2024 and 2023 is \$1,608,466 and \$2,111,626, respectively.

Reclassifications

The prior year figures may reflect certain reclassifications of amounts for comparative purposes to conform with the presentation in the current-year financial statements.

Note 3 – Accounts Receivable

Accounts receivable are uncollateralized patient and agency obligations due under normal trade terms. Accounts receivable are stated at the amount billed to the patient or agency. Payments of accounts receivable are allocated to specific services if received as a co-pay or if the remitter specifically identifies an invoice.

Florida Community Health Centers, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)

Note 3 – Accounts Receivable (continued)

In the case where there is no specific identification of an invoice to apply a payment to, the payment is applied to the earliest unpaid invoice. Account balances with invoices dated over 30 days old are considered delinquent. FCHC does not charge interest or delinquent penalties on invoices older than 30 days. The carrying amounts of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that exceed 90 days from the invoice date and based on a history of past collections, estimates the portion of the balance that will not be collected. Management provides for probable uncollectible amounts through a charge to revenue and a credit to a valuation allowance based on its assessment of the current status of all accounts receivable.

The gross and net accounts receivable amounts for the years ending March 31, 2024 and 2023 are disclosed below:

	2024			2023		
	Gross	Reserve	Net	Gross	Reserve	Net
Medicare	\$ 224,318	\$ (59,375)	\$ 164,943	\$ 412,676	\$ (108,875)	\$ 303,801
Medicaid	744,229	(441,537)	302,692	3,700,111	(1,054,038)	2,646,073
Private patients	758,959	(745,630)	13,329	475,786	(475,788)	(2)
Insurance and third parties	817,215	(361,924)	455,291	963,323	(472,925)	490,398
Total	\$ 2,544,721	\$ (1,608,466)	\$ 936,255	\$ 5,551,896	\$ (2,111,626)	\$ 3,440,270

Note 4 – Property and Equipment, net

The following is a summary of property and equipment:

	Balance March 31, 2023	Additions	Deletions	Balance March 31, 2024
Land	\$ 4,147,095	\$ -	\$ -	\$ 4,147,095
Building	10,592,774	-	-	10,592,774
Building improvements	10,593,766	341,864	(8,075)	10,927,555
Furniture and fixtures	1,040,269	193,260	(67,125)	1,166,404
Medical equipment	1,107,288	153,659	(37,728)	1,223,219
Dental equipment	836,113	-	(44,538)	791,575
Computer and other equipment	3,594,699	114,437	(783,504)	2,925,632
Fixed assets not yet in service	421,360	-	(326,573)	94,787
Construction in progress	355,745	-	(6,277)	349,468
Accumulated depreciation	(15,267,524)	(1,218,850)	940,970	(15,545,404)
	\$ 17,421,585	\$ (415,630)	\$ (332,850)	\$ 16,673,105

Florida Community Health Centers, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)

Note 5 – Fair Value Measurements

ASC Topic 825, “Financial Instruments”, requires certain disclosures regarding the fair value of financial instruments. Effective March 31, 2007, FCHC adopted ASC Topic 820, “Fair Value Measurements and Disclosures”, which defines fair value, establishes guidelines for measuring fair value, and expands disclosure regarding fair value measurements. ASC Topic 820 established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three levels. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement. FCHC recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended March 31, 2024 and 2023.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability.

The following methods and assumptions were used by FCHC in estimating its fair value disclosures for financial instruments:

- Cash and cash equivalents, certificates of deposit, accounts receivable, contracts receivable, inventory, accounts payable, deferred revenue, accrued liabilities, accrued vacation and long term debt: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments or because they are not subject to valuation on a recurring basis.
- Investments: The fair value of current and other investments is based on quoted market prices for those or similar investments where available.

Fair values of assets measured on a recurring basis at March 31, 2024, are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment accounts	\$4,180,519	\$ 4,180,519	\$ -	\$ -
Limited Liability Companies	346,481	-	-	346,481
	\$4,527,000	\$ 4,180,519	\$ -	\$ 346,481

Florida Community Health Centers, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)

Note 5 – Fair Value Measurements (continued)

Fair values of assets measured on a recurring basis at March 31, 2023, are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$3,300,997	\$ 2,970,969	\$ -	\$ 330,028
Limited Liability Companies	346,481	-	-	346,481
	\$3,647,478	\$ 2,970,969	\$ -	\$ 676,509

FCHC's limited liability interests, as described in Note 7, are not subject to valuation on a regular recurring basis because they are not held as available for sale investments.

Note 6 – Investments

Throughout the year, FCHC maintains current investments at various FDIC and SPIC insured institutions separately and under a custodial relationship. Holdings include interest bearing sweep accounts, stock and bond mutual funds, and insured life annuities. These investments are stated at fair value.

Investments consist of the following as of March 31, 2024 and 2023:

	2024		2023	
	Cost	Fair Market Value	Cost	Fair Market Value
Certificates of deposit	400,396	400,396	579,560	579,560
Gov't securities	57,666	57,666	2,405,437	2,426,875
Equity funds	2,281,869	2,640,271	837,045	874,122
Bond funds	1,468,248	1,479,315	-	-
Real Estate	3,190	3,267	-	-
	\$ 4,211,369	\$ 4,580,915	\$ 3,822,042	\$ 3,880,557

Note 7 – Investment in Limited Liability Companies

During fiscal year ended March 31, 2014, FCHC invested \$100,000 to become a member of Health Choice Care, LLC (HCC). HCC is an Accountable Care Organization created to participate in the Medicare Shared Savings Program that commenced operations during calendar year 2014. On January 1, 2020 FCHC purchased an additional 991 membership units for \$99,100 to bring the total investment in HCC to \$199,100. FCHC's investment is recognized based on cost of \$199,100 due to ownership less than 20%. Management believes that the fair market value of the investment at least approximates cost.

In March 2022, FCHC made the first of two equity investments in a captive insurance program that replaced the reinsurance policy effective April 1, 2022. The amount of the investment was \$58,424. In January 2023, FCHC made the second equity investment in the amount of \$88,957. Management believes that the fair market value of the investment at least approximates cost.

Florida Community Health Centers, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)

Note 7 – Investment in Limited Liability Companies (continued)

Investments in limited liability companies consisted of the following as of March 31, 2024 and 2023:

	2024		2023	
	Carrying Amount	Fair Market Value	Carrying Amount	Fair Market Value
Health Choice Care, LLC investment	\$ 199,100	\$ 199,100	\$ 199,100	\$ 199,100
Pareto Health LLC investment	147,381	147,381	147,381	147,381
	\$ 346,481	\$ 346,481	\$ 346,481	\$ 346,481

The components of total investment return from investments in limited liability companies for March 31, 2024 and 2023 are reflected below:

	2024	2023
Health Choice Care, LLC	\$ 6,622	\$ 13,840

Note 8 – Leases

Lease Commitments – Operating

In the year ended March 31, 2023, the Organization adopted FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, *Leases*, which requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments. FCHC leases various buildings in Pahokee, Belle Glade, Port St. Lucie, Fort Pierce, and Stuart. These are non-cancelable operating leases and the leases contain no significant restrictions. The leases in Belle Glade and Port St. Lucie provide for escalating payments over the lease terms. The following schedule provides detail on the lease terms and monthly lease payment used in the amortization of the net present value (NPV) of the lease liability:

	Lease term	Current monthly lease payment
Pahokee	3/1/2024 - 2/28/2027	\$ 4,500
Belle Glade	8/1/2022 - 7/31/2025	11,001
Port St. Lucie	12/1/2015 - 11/30/2025	6,441
Fort Pierce	10/1/2022 - 9/30/2027	5,625
Stuart	1/1/2023 - 12/31/2025	2,243

Florida Community Health Centers, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)

Note 8 – Leases (continued)

The Organization’s incremental borrowing rate of 4% was used as the discount rate in order to determine present values of the leases. The following is a schedule by year of minimum future rentals on the operating leases and the amortization of the net present value (NPV) of the lease liability as of March 31, 2024:

	Minimum annual lease payments	Amortization of NPV of lease liability
March 31, 2025	\$ 349,899	\$ 327,986
March 31, 2026	232,164	222,445
March 31, 2027	117,000	113,278
March 31, 2028	33,750	33,360
	\$ 732,813	\$ 697,069

The carrying value of the related right of use asset as of March 31, 2024 and March 31, 2023 were:

	2024	2023
Accumulated right-of-use assets	\$ 1,254,755	\$ 1,073,804
Less - accumulated amortization	(557,689)	(240,392)
	\$ 697,066	\$ 833,412

Property lease payments for the year ended March 31, 2024 and 2023 totaled \$432,413 and \$408,737 respectively.

Average operating lease terms and discount rate at March 31, 2024 were as follows:

Weighted average remaining lease term (years)	2.43 years
Weighted average discount rate	4%

Note 9 – In-kind Contributions

FCHC receives donated rental space for its Stuart Center and Moore Haven locations from the Martin County Board of Commissioners and Glades County Health Department. Both properties are being used in FCHC’s programs for patient care. FCHC has estimated the fair value of the contributed rental income and expense for these spaces for the years ended March 31, 2024 and 2023 to be \$207,819 and \$166,911 respectively. Additionally, FCHC received medical supplies with an estimated fair value of \$4,766 during the year ended March 31, 2024.

Location	Lessor	Valuation technique	Recognized in-kind rent contribution
Martin County Health Facility	Martin County Board of County Commissioners	Fair market rental value for comparable property	\$ 111,863
Moore Haven site of Glades County Health Department	Glades County Health Department	Fair market rental value for comparable property	95,956
			\$ 207,819

Florida Community Health Centers, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)

Note 10 – Long Term Debt

On October 30, 2020 FCHC consolidated three mortgages into a 10-year loan in the amount of \$1,780,389 with a fixed interest rate of 3.5%. The loan agreement includes a future advance of up to \$622,505 and FCHC did not draw on the advance as of March 31, 2024.

Long term debt consists of the following at March 31:

	2024	2023
Mortgage payable, secured by real property and improvements thereon situated in Palm Beach County, Florida, due October 2030, monthly principal and interest payments of \$10,307, at a fixed interest rate of 3.5% for the first 119 equal payments, with a final payment due October 2030.	\$ 1,560,932	\$ 1,627,774
Mortgage payable, secured by real property and improvements thereon situated in St. Lucie County, Florida, due February 2030, monthly principal and interest payments of \$6,420, at a fixed interest rate of 4.15% for the first 119 equal payments, with a final payment due February 2030.	1,070,025	1,101,193
Total mortgages payable	2,630,957	2,728,967
Less current portion long-term debt	(102,035)	(98,009)
Long-term debt (less current portion)	\$ 2,528,922	\$ 2,630,958

Annual maturities of long-term debt are as follows:

Year Ending March 31,	
2025	\$ 102,035
2026	105,938
2027	109,991
2028	113,874
2029	118,664
Thereafter	2,080,455
	\$ 2,630,957

Interest expense, which approximated interest paid, was \$102,712 and \$106,055 for the years ended March 31, 2024 and 2023, respectively.

Florida Community Health Centers, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)

Note 11 – Line of Credit

On December 14, 2018, FCHC negotiated a line of credit with a face amount of \$500,000 which matured on December 14, 2020. FCHC renewed the line of credit annually for additional one year terms through December 14, 2022. On January 6, 2023, the line of credit was amended and restated and does not have an expiration date. Additionally, the underlying note is now payable on demand and carries a variable interest rate determined by the lender at the time of any advances, but based on the U.S. Prime Rate plus or minus a margin as determined by lender. The line of credit is secured by real property together with improvements located in Palm Beach County, FL, as well as the assignment of rents, leases, and profits, and all furniture, fixtures and equipment. No balance was drawn on the line during fiscal year ended March 31, 2024.

Note 12 – Grant Income

Grant income includes revenues received under federal grant awards as well as state and local grant revenues. Federal awards received from the U.S. Department of Health and Human Services under Section 330 during the fiscal year ended March 31, 2024 and 2023 were \$12,313,449 and \$13,841,663, respectively.

Contract Description	2024	2023
Federal Contracts:		
U.S. Dept. of Health and Human Services	\$ 12,313,449	\$ 13,841,663
	12,313,449	13,841,663
State Contracts:		
State of Florida Department of Health Low Income Pool Program	898,052 1,312,944	- 1,687,595
	2,210,996	1,687,595
Local Contracts:		
Children's Services Council - St. Lucie County	108,843	106,144
Nova Southeastern University	71,000	60,000
Martin County Healthy Start Coalition	175,000	186,000
Other local contracts	44,616	9,982
	399,459	362,126
Total state and local contracts	\$ 14,923,904	\$ 15,891,384

Florida Community Health Centers, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)

Note 13 – Patient Service Income

The following table illustrates net patient service income by payor and by geographical market for the fiscal year ended March 31, 2024:

	Medicaid	Medicare	Paying Patients	Insurance	Healthy Kids	Total	% of Total
St. Lucie County	\$ 7,469,915	\$ 411,631	\$ 447,038	\$ 992,931	\$ 43,246	\$ 9,364,761	40%
Okeechobee County	3,939,426	212,713	223,636	342,684	72,240	4,790,699	21%
Martin County	3,373,163	249,727	348,724	351,763	29,414	4,352,791	19%
Hendry County	2,506,488	177,761	146,393	227,744	31,297	3,089,683	13%
Palm Beach County	525,386	86,279	51,861	127,111	1,572	792,209	3%
Glades County	416,906	128,635	96,546	118,183	3,550	763,820	3%
	\$ 18,231,284	\$ 1,266,746	\$ 1,314,198	\$ 2,160,416	\$ 181,319	\$ 23,153,963	100%

The following table illustrates net patient service income by payor and by geographical market for the fiscal year ended March 31, 2023:

	Medicaid	Medicare	Paying Patients	Insurance	Healthy Kids	Total	% of Total
St. Lucie County	\$ 7,601,120	\$ 427,583	\$ 397,660	\$ 878,768	\$ 49,513	\$ 9,354,644	37%
Okeechobee County	4,670,670	216,363	518,804	333,187	68,953	5,807,977	23%
Martin County	4,164,394	271,361	255,497	265,881	43,219	5,000,352	20%
Hendry County	2,642,858	236,146	125,505	262,874	23,625	3,291,008	13%
Palm Beach County	828,335	140,800	47,262	130,040	594	1,147,031	5%
Glades County	280,163	155,729	51,944	126,920	(193)	614,563	2%
	\$ 20,187,540	\$ 1,447,982	\$ 1,396,672	\$ 1,997,670	\$ 185,711	\$ 25,215,575	100%

Net patient service income is presented as gross billings adjusted for contractual and credit allowances. As shown below, FCHC makes contractual adjustments to its Medicare, Medicaid, pay patients, HMO, and insurance income. The Medicare and Medicaid adjustments are to adjust the actual billing rates to the statutory FQHC reimbursement rates. The large adjustment to pay patient revenues is a result of FCHC's sliding fee pay scale and bad debt allowances. FCHC bills the full amount and then adjusts the billing to the sliding fee scale rate based on federal poverty guidelines and the patient's ability to pay. The HMO and insurance income is adjusted for a contractual allowance to adjust the medical or dental care charge to the allowable insurance rates and HMO capitation rates.

Florida Community Health Centers, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)

Note 13 – Patient Service Income (continued)

The patient service revenue, related contractual and credit adjustments, and relative net percentage for each payor category for the year ended March 31, 2024 are:

	Gross	Contractual and Credit Adjustments	Net	% of Total
Medicaid	\$ 18,676,438	\$ (445,154)	\$ 18,231,284	78.74%
Medicare	1,857,026	(590,280)	1,266,746	5.47%
Paying patients	5,174,147	(3,859,949)	1,314,198	5.68%
Insurance	5,698,959	(3,538,543)	2,160,416	9.33%
Healthy Kids Corp	229,735	(48,416)	181,319	0.78%
	\$ 31,636,305	\$ (8,482,342)	\$ 23,153,963	100.00%

The patient service revenue, related contractual and credit adjustments, and relative net percentage for each payor category for the year ended March 31, 2023 are:

	Gross	Contractual and Credit Adjustments	Net	% of Total
Medicaid	\$ 22,976,196	\$ (2,788,656)	\$ 20,187,540	80.06%
Medicare	2,104,843	(656,861)	1,447,982	5.74%
Paying patients	4,238,277	(2,841,605)	1,396,672	5.54%
Insurance	5,951,913	(3,954,243)	1,997,670	7.92%
Healthy Kids Corp	217,895	(32,184)	185,711	0.74%
	\$ 35,489,124	\$ (10,273,549)	\$ 25,215,575	100.00%

Note 14 – Charity Care and Social Accountability

FCHC is a not-for-profit healthcare provider established to meet the healthcare needs of a largely medically underserved population. FCHC provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Because FCHC does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. FCHC maintains records to identify and monitor the level of charity care it provides. The amount of charity care provided is based on the charges of FCHC during the years ended March 31, 2024 and 2023 and was approximately \$3,626,659 and \$3,080,606, respectively.

Florida Community Health Centers, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)

Note 15 – Pharmacy Revenues

During fiscal years 2024 and 2023, FCHC continued to expand its participation in the 340B Drug Pricing Program which enables them to purchase and provide outpatient drugs at significantly reduced prices. FCHC maintains contract pharmacy service agreements with Walgreens, Walmart, CVS, and other local pharmacies whereby the contracted pharmacies provide services to dispense section 340B outpatient drugs to those FCHC patients eligible under the program. During fiscal year 2024 and 2023, FCHC also operated three in-house pharmacy locations. During fiscal year 2024 and 2023, respectively, FCHC purchased \$4,312,680 and \$4,627,491 of drugs from manufacturers at 340B program discounted prices. Sales of such drugs to eligible patients, net of processing fees, totaled \$9,003,892 and \$9,944,515 for the fiscal year 2024 and 2023, respectively.

As an eligible organization, FCHC is required to register annually and comply with all 340B program requirements. Covered entities operating under contract pharmacy agreements retain responsibility for the disposition of the drugs and must ensure compliance with all 340B program requirements. Covered entities may be subject to audit by drug manufacturers or the federal government wherein findings of non-compliance may result in the requirement to refund discounts obtained.

Note 16 – Employee Benefit Plan

On December 31, 2019, FCHC established a 401(k) plan. The FCHC Retirement plan was rolled into the 401(k) and individual accounts were established based on those balances. Also, on December 31, 2019, the 403(b) was terminated. There was an option for participants to roll-out their funds or transfer into the new 401(k). There was a blackout period during the month of January 2020 while the plan was funded. The 401(k) plan established provisions to include a safe harbor 4% match. FCHC employer contribution expense totaled \$642,976 and \$685,787 for the years ended March 31, 2024 and 2023 respectively.

Note 17 – Self-insured Group Health Plan

FCHC is self-insured for medical claims covering employees and their eligible dependents. Medical claims are paid from premiums contributed by employees and FCHC. Premiums and contributions are determined by projected claims based on historical and actuarial experience. The self-insurance plan currently assumes risk for claims up to \$60,000 per individual, per year. A reinsurance policy is maintained to cover claims in excess of this amount up to an aggregate of \$1,000,000. For the fiscal year 2024, reimbursements above the \$60,000 stop loss deductible for 15 members' claims totaled approximately \$880,000. For the fiscal year 2023, reimbursements above the \$50,000 stop loss deductible for members totaled \$142,000. Estimated claims liability of \$15,920 and \$105,383 is included in accrued liabilities at March 31, 2024 and March 31, 2023, respectively.

FCHC maintains self-insured plan funds in a separate bank account. The balance of funds maintained and included in cash and equivalents at March 31, 2024 and March 31, 2023 is \$765,946 and \$956,030 respectively. Changes in the fund's account which are available for payment of claims liabilities during the current fiscal year are as follows:

Fiscal Year	Balance at Fiscal Year Beginning	Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2022-2023	\$ 644,741	\$ 3,252,952	\$ 2,941,663	\$ 956,030
2023-2024	\$ 956,030	\$ 3,240,846	\$ 3,430,930	\$ 765,946

Florida Community Health Centers, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)

Note 18 – New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued a new Accounting Standards Update (ASU), ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* on June 16, 2016. The standard introduced an impairment model (the Current Expected Credit Losses(CECL) model) that is based on expected losses rather than incurred losses. The new standard is effective for years beginning after December 15, 2022. The Organization adopted the new standard prospectively as of April 1, 2023. The adoption of the standard had no material effect on the financial statements.

Note 19 – Liquidity and Availability of Financial Assets

As of March 31, 2024, FCHC has \$25,512,855 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures. Available current assets include cash of \$18,585,336, investments convertible within 12 months of \$4,739,971 and accounts and grants receivables of \$2,187,548. FCHC primarily funds operations through patient service income and government grants, but maintains a line of credit to manage any unanticipated liquidity needs.

Note 20 – Contingencies

FCHC has contracted with various funding agencies to perform certain healthcare services, and receives Medicaid and Medicare revenue from State and Federal governments. Reimbursements received under these contracts and payments from Medicaid and Medicare are subject to audit by federal and state governments and other agencies. Upon audit, if discrepancies are discovered, FCHC could be held responsible for refunding the amounts in question.

Note 21 – Subsequent Events

Management has evaluated subsequent events through November 13, 2024, the date which the financial statements were available to be issued. Management is not aware of any events subsequent to the statement of financial position date which would require additional adjustments to, or disclosure in, the accompanying financial statements.

ADDITIONAL INFORMATION

Florida Community Health Centers, Inc. and Subsidiaries
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended March 31, 2024

Federal/State Grantor/Pass-through Grantor/ Federal Program/State Project or Cluster Title		Assistance Listing Number/ CSFA No.	Grant Contract Number	Total Expenditures	Passed Through to Subrecipients
U.S. Dept. of Health and Human Services:					
HCP - Section 330(e) Community Health Centers	Cluster	93.224	H80CS00798-20-11	\$ 181,691	\$ -
HCP - Section 330(e) Community Health Centers	Cluster	93.527	H80CS00798-22-00	4,440,990	-
HCP - Section 330(e) Community Health Centers	Cluster	93.527	H8GCS48474-01-01	320,554	-
ARPA - Section 330(e) Community Health Centers	Cluster	93.224	H8FCS40547-01-02	1,862,781	-
HCP - Section 330(g) Migrant Health	Cluster	93.224	H80CS00798-20-11	143,397	-
HCP - Section 330(g) Migrant Health	Cluster	93.527	H80CS00798-22-00	3,504,449	-
HCP - Section 330(g) Migrant Health	Cluster	93.527	H8GCS48474-01-01	252,953	-
ARPA - Section 330(g) Migrant Health	Cluster	93.224	H8FCS40547-01-02	1,470,160	-
Total Community Health Center Program Cluster				<u>12,176,975</u>	<u>-</u>
Capital Development in Health Centers		93.526	C8ECS44062-01-01	77,341	-
U.S. Dept. of Health and Human Services / Pass-through Treasure Coast Health Council, Inc.					
Vaccine Hesitancy Program		93.011	1U3SHS45316-01-00	<u>59,133</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ 12,313,449</u>	<u>\$ -</u>
State Agency Name:					
State of Florida Department of Health Division of Community Health Promotion					
Prenatal, obstetrical and postpartum care		64.157	COHEX	\$ 898,052	\$ -
Total Expenditures of Florida State Financial Assistance Programs				<u>\$ 898,052</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

Florida Community Health Centers, Inc. and Subsidiaries

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

For the year ended March 31, 2024

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal awards and state financial assistance of Florida Community Health Centers, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General of the State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B – De Minimis Indirect Cost Rate

FCHC has not elected to use the 10% de Minimis indirect cost rate.

Note C – Program Clusters

The Uniform Guidance defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. Therefore, similar programs deemed to be a cluster of programs are considered to be one program and are tested accordingly.

Note D – Sub-Recipients

FCHC has not provided any awards to subrecipients.

Note E – Contingency

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of FCHC for the return of those funds.

Florida Community Health Centers, Inc. and Subsidiaries
Schedule of Federal Grant Line Items
(Grant Budget vs. Actual Expenses)
For the year ended March 31, 2024

	Community/Migrant Health Program HHS Sec 330(e)/330(g); AL's 93.224 & 93.527 Capital Development in Health Centers AL 93.526 Vaccine Hesitancy Program AL 93.011		
	Federal Budget	Actual	Actual (over) under
Personnel	\$ 26,652,998	\$ 25,869,735	\$ 783,263
Fringe benefits	5,628,159	5,518,465	109,694
Equipment	1,201,628	493,485	708,143
Supplies	1,574,680	928,355	646,325
Travel	280,291	225,917	54,374
Other	6,787,491	8,179,428	(1,391,937)
Patient care-outpatient	2,521,594	1,406,334	1,115,260
Total federal grant line items	\$ 44,646,841	\$ 42,621,719	\$ 2,025,122

Reconciliation to actual on financial statements:

Total expenses from page 7	\$ 43,944,395
Less:	
Depreciation and amortization	(1,219,964)
Mortgage interest	(102,712)
Total	\$ 42,621,719



KMETZ · ELWELL · GRAHAM & ASSOCIATES, PLLC
Certified Public Accountants

**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 Community Health Centers, Inc. and Subsidiaries

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 consolidated financial statements of Florida Community Health Centers, Inc. and Subsidiaries (FCHC) (not for profit organizations), which comprise the consolidated statement of financial position as of March 31, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 13, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered FCHC'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of FCHC's internal control. Accordingly, we do not express an opinion on the effectiveness of FCHC'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 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 the internal control over financial reporting 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 a material weakness 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 were not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether FCHC's consolidated financial statements are free of 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 FCHC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FCHC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kmetz, Elwell, Graham & Associates

Kmetz, Elwell, Graham & Associates, PLLC
Certified Public Accountants
Vero Beach, Florida

November 13, 2024



KMETZ • ELWELL • GRAHAM & ASSOCIATES, PLLC
Certified Public Accountants

Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General

To the Board of Directors
Florida Community Health Centers, Inc. and Subsidiaries

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Florida Community Health Centers, Inc. and Subsidiaries' (FCHC) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the requirements described in the State of Florida's *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of FCHC's major federal programs and state projects for the year ended March 31, 2024. FCHC's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, FCHC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended March 31, 2024.

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; and 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* of the State of Florida. Our responsibilities under those standards; the Uniform Guidance, 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 FCHC 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 each major federal program and state project. Our audit does not provide a legal determination of FCHC'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 FCHC's federal programs and state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on FCHC'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*, the Uniform Guidance, 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 FCHC's compliance with the requirements of each major federal program and state project as a whole.

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

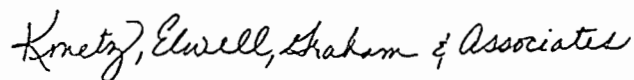
Report on Internal Control over Compliance

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



Kmetz, Elwell, Graham & Associates, PLLC
Certified Public Accountants
Vero Beach, Florida

November 13, 2024

**Florida Community Health Centers, Inc. and Subsidiaries
Schedule of Findings and Questioned Costs
Federal Programs and State Projects
Year Ended March 31, 2024**

A. Summary of Audit Results

Financial statements

Type of audit report issued Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No
- Noncompliance which is material to the financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Type of auditors' report issued on compliance for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>Federal Program</u>	<u>Assistance Listing No.</u>
U.S. Department of Health and Human Services:	
Section 330(e) Community Health Centers	93.224 / 93.527
Section 330(g) Migrant Health	93.224 / 93.527

The dollar threshold for distinguishing Type A and B federal programs \$750,000

Auditee qualifies as a low risk auditee pursuant to the Uniform Guidance: Yes

State Projects:

Internal control over major projects:

- Material weaknesses identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Type of auditors' report issued on compliance for major state projects? Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650? No

**Florida Community Health Centers, Inc. and Subsidiaries
Schedule of Findings and Questioned Costs
Federal Programs and State Projects
Year Ended March 31, 2024**

Identification of major state project:

<u>State Project</u>	<u>CSFA Number</u>
State of Florida Department of Health Division of Community Health Promotion Prenatal, obstetrical and postpartum care	64.157
B. Findings - Financial Statements Audit	None
C. Findings and Questioned Costs - Major Federal Award Program	None
D. Findings and Questioned Costs – State Projects	None

Florida Community Health Centers, Inc. and Subsidiaries
Summary Schedule of Prior Audit Findings
Year ended March 31, 2024

There were no instances of findings or questioned costs for major federal award programs in prior years.



KMETZ · ELWELL · GRAHAM & ASSOCIATES, PLLC
Certified Public Accountants

Management Letter

To the Board of Directors and
Senior Management
Florida Community Health Centers, Inc. and Subsidiaries
West Palm Beach, Florida

In planning and performing our audit of the consolidated financial statements of Florida Community Health Centers, Inc. and Subsidiaries (FCHC) as of and for the years ended March 31, 2024 and 2023 in accordance with auditing standards generally accepted in the United States of America, we considered FCHC's internal control over financial reporting (internal control) as a basis for designing auditing 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 Company's internal control.

We have completed our audit of the consolidated financial statements of FCHC for the years ended March 31, 2024 and 2023, and issued our report thereon dated November 13, 2024.

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 Governmental Auditing Standards, issued by the Comptroller General of the United States; and 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* of the State of Florida. We have issued our 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 Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedules, which are dated November 13, 2024, should be considered in conjunction with this management letter.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

No current year findings.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

No prior year findings.

This management letter is intended for the information of the Board of Directors, management, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Kmetz, Elwell, Graham & Associates

Kmetz, Elwell, Graham & Associates, PLLC
Certified Public Accountants
Vero Beach, Florida

November 13, 2024

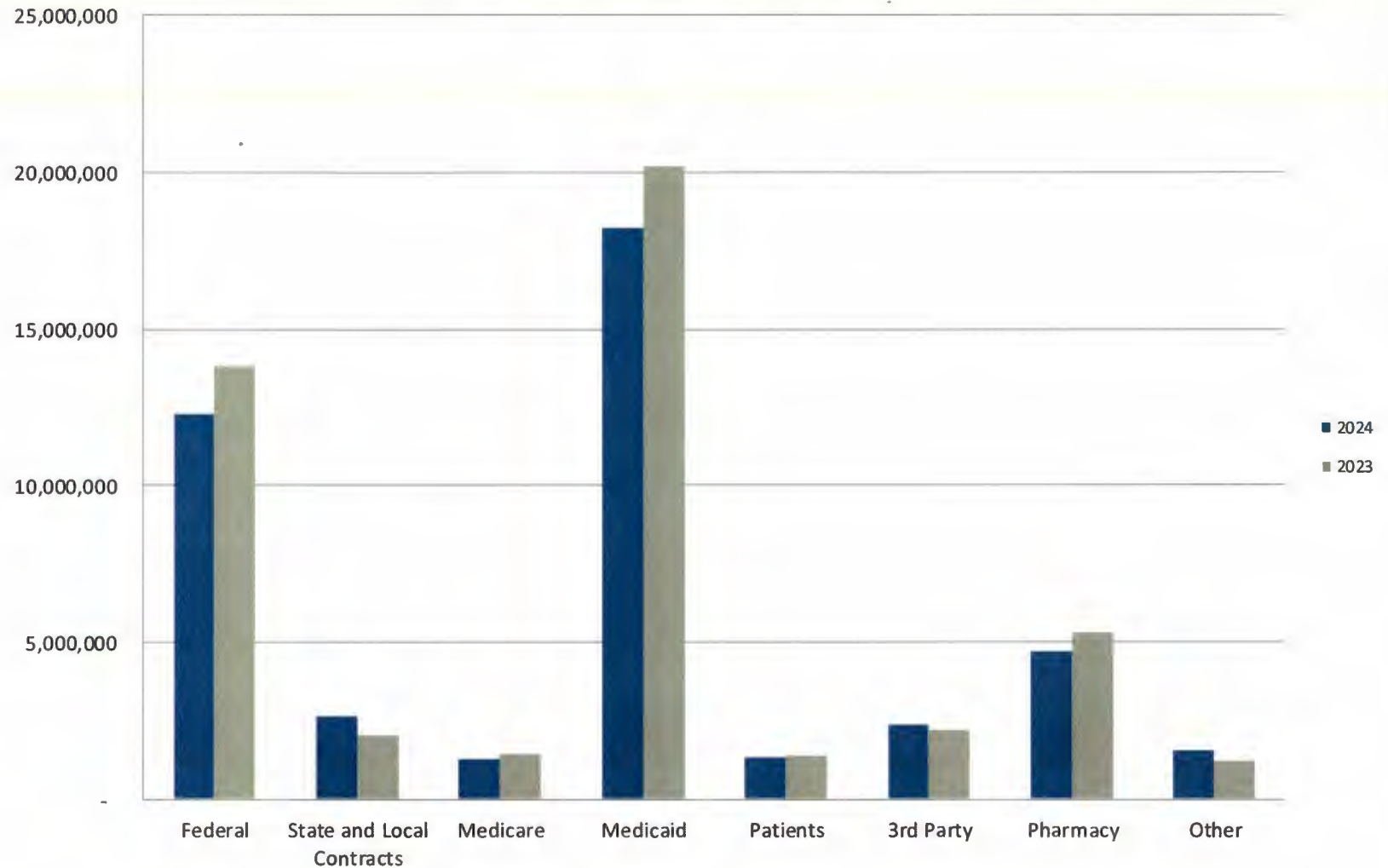
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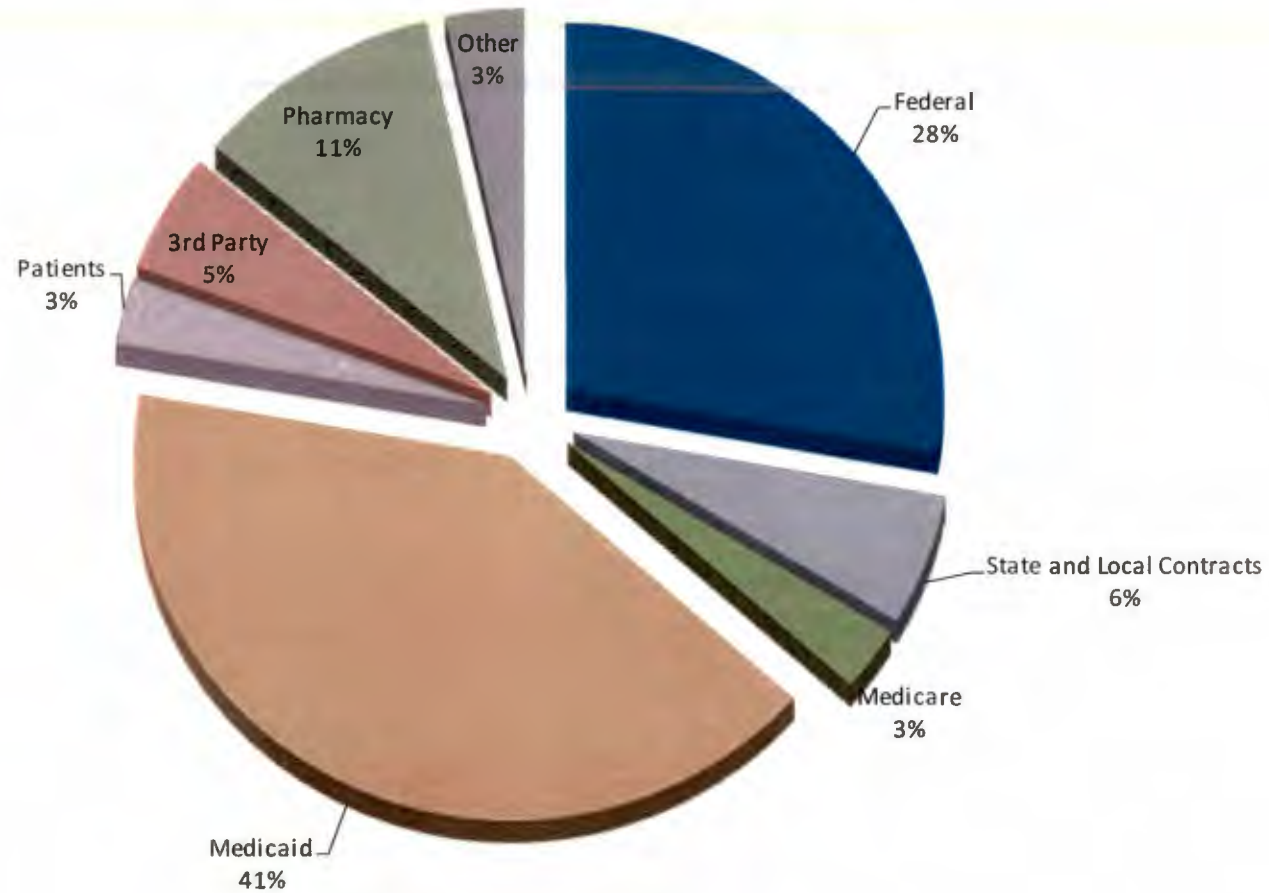
GRAPHS OF REVENUE AND EXPENSES

FLORIDA COMMUNITY HEALTH CENTERS, INC. AND SUBSIDIARIES
Comparison of Revenues
Years Ended March 31, 2024 and 2023

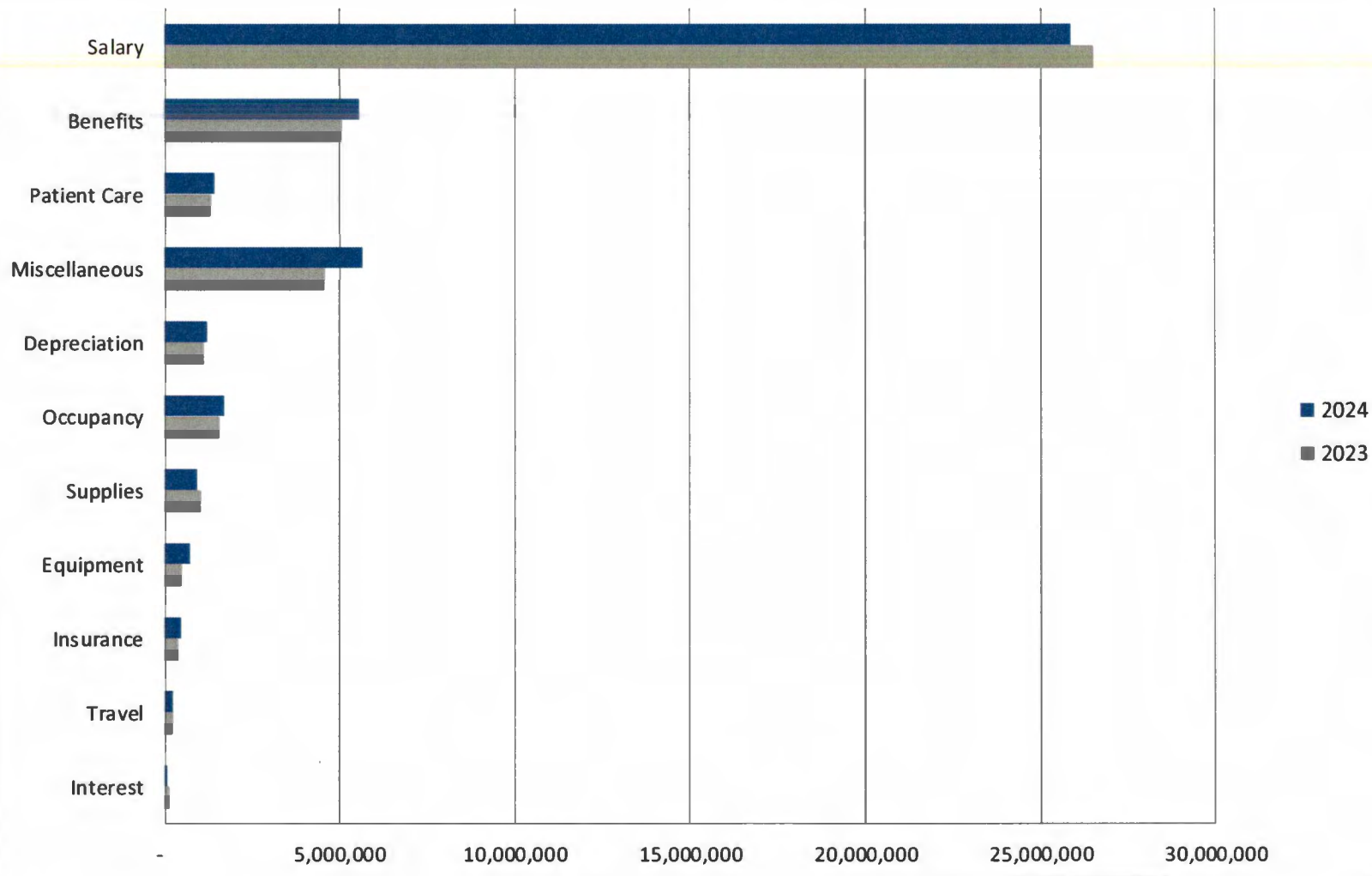


FLORIDA COMMUNITY HEALTH CENTERS, INC. AND SUBSIDIARIES

**Classification of Revenues
Year Ended March 31, 2024**



FLORIDA COMMUNITY HEALTH CENTERS, INC. AND SUBSIDIARIES
Comparison of Expenses
Years Ended March 31, 2024 and 2023



FLORIDA COMMUNITY HEALTH CENTERS, INC. AND SUBSIDIARIES

**Classification of Expenses
Year Ended March 31, 2024**

