

**HEALTH PLANNING COUNCIL
OF SOUTHWEST FLORIDA,
INC.**

**Financial Statements
and Supplemental
Information**

Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga

To the Board of Directors of
Health Planning Council of Southwest Florida, Inc.
Fort Myers, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Health Planning Council of Southwest Florida, Inc. (a nonprofit organization) (the "Council"), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 Health Planning Council of Southwest Florida, Inc. as of June 30, 2024 and 2023, 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Health Planning Council of Southwest Florida, 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 Health Planning Council of Southwest Florida, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Winter Park, FL 32789
501 S. New York Ave.
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Phone: 305-445-7956

Miramar, FL 33025
11450 Interchange Circle
Phone: 954-435-4222

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not 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 Health Planning Council of Southwest Florida, 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 Health Planning Council of Southwest Florida, 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 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 Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and 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 November 15, 2024, on our consideration of Health Planning Council of Southwest Florida, 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 Health Planning Council of Southwest Florida, 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 Health Planning Council of Southwest Florida, Inc.'s internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida

November 15, 2024

Health Planning Council of Southwest Florida, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 494,522 | \$ 748,674 |
| Accounts receivable | 2,880,104 | 2,848,711 |
| Accrued revenue | 43,532 | 26,729 |
| Prepaid expenses | <u>193,785</u> | <u>179,240</u> |
| Total current assets | 3,611,943 | 3,803,354 |
| Property and equipment, net | 7,948 | 11,163 |
| Operating lease right-of-use assets | 240,937 | 355,897 |
| Deposits | <u>6,563</u> | <u>6,563</u> |
| Total assets | <u>\$ 3,867,391</u> | <u>\$ 4,176,977</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | \$ 578,221 | \$ 697,796 |
| Accrued payroll | 627,944 | 523,247 |
| Retirement plan payable | 59,509 | 82,022 |
| Deferred revenue | 127,854 | 280,514 |
| Operating lease liabilities | <u>180,453</u> | <u>185,853</u> |
| Total current liabilities | 1,573,981 | 1,769,432 |
| Non-current operating lease liabilities | <u>60,484</u> | <u>170,044</u> |
| Total liabilities | 1,634,465 | 1,939,476 |
| Net assets: | | |
| Without donor restrictions | <u>2,232,926</u> | <u>2,237,501</u> |
| Total liabilities and net assets | <u>\$ 3,867,391</u> | <u>\$ 4,176,977</u> |

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

Health Planning Council of Southwest Florida, Inc.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2024 and 2023

| | 2024 | 2023 |
|-------------------------------|-------------------------------|-------------------------------|
| | Without Donor Restrictions | Without Donor Restrictions |
| REVENUES AND SUPPORT | | |
| Federal grants | \$ 6,647,347 | \$ 5,950,256 |
| State grants | 5,196,643 | 5,270,952 |
| Program fees | 1,818,975 | 2,034,225 |
| Contributions | 21,512 | 21,416 |
| Interest | 4,112 | 2,403 |
| Other | 1,435 | 2,265 |
| Sales | 2,500 | - |
| | <u>13,692,524</u> | <u>13,281,517</u> |
| Total revenues and support | | |
| EXPENSES | | |
| Program services | 13,094,483 | 12,570,202 |
| Administrative and general | 602,616 | 595,121 |
| | <u>13,697,099</u> | <u>13,165,323</u> |
| Total expenses | | |
| Change in net assets | (4,575) | 116,194 |
| Net assets, beginning of year | 2,237,501 | 2,121,307 |
| | <u>2,237,501</u> | <u>2,121,307</u> |
| Net assets, end of year | <u>\$ 2,232,926</u> | <u>\$ 2,237,501</u> |

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

Health Planning Council of Southwest Florida, Inc.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023

| | 2024 | 2023 |
|--|------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (4,575) | \$ 116,194 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 3,215 | 3,215 |
| Changes in operating asset and liabilities: | | |
| (Increase) decrease in assets | | |
| Accounts receivable | (31,393) | (566,518) |
| Accrued revenue | (16,803) | 83,765 |
| Prepaid expenses | (14,545) | (77,105) |
| (Decrease) increase in liabilities: | | |
| Accounts payable | (119,575) | 209,027 |
| Accrued payroll | 104,697 | 24,545 |
| Retirement plan payable | (22,513) | 30,345 |
| Deferred revenue | (152,660) | (37,607) |
| | (254,152) | (214,139) |
| Net cash used in operating activities | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Advances from line of credit | - | 300,000 |
| Repayments on line of credit | - | (300,000) |
| | - | - |
| Net cash used in financing activities | | |
| Net decrease in cash and cash equivalents | (254,152) | (214,139) |
| Cash and cash equivalents, beginning of year | 748,674 | 962,813 |
| Cash and cash equivalents, end of year | \$ 494,522 | \$ 748,674 |

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

Health Planning Council of Southwest Florida, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

| | Program Services | | | | Supporting Services | | Total Expenses |
|--|------------------|---------------|--------------------------|--------------------|------------------------|----------------------------------|----------------|
| | Navigator | HOPWA Program | Health Planning Services | Early Intervention | Total Program Services | Administration and Other Support | |
| Personnel expenses | | | | | | | |
| Salaries | \$ 573,189 | \$ 71,006 | \$ 325,865 | \$ 6,274,166 | \$ 7,244,226 | \$ 415,639 | \$ 7,659,865 |
| Fringe benefits | 124,863 | 18,485 | 70,747 | 1,549,160 | 1,763,255 | 85,656 | 1,848,911 |
| Total personnel | 698,052 | 89,491 | 396,612 | 7,823,326 | 9,007,481 | 501,295 | 9,508,776 |
| Operating expenses | | | | | | | |
| Rent and utilities | 38,979 | 6,727 | 17,485 | 170,089 | 233,280 | 3,932 | 237,212 |
| Travel | 15,752 | - | 2,376 | 25,571 | 43,699 | 77 | 43,776 |
| Office expenses | 145,619 | 3,417 | 27,924 | 265,757 | 442,717 | 97,228 | 539,945 |
| Total operating | 200,350 | 10,144 | 47,785 | 461,417 | 719,696 | 101,237 | 820,933 |
| Direct expenses | - | 1,838,066 | 331,319 | 1,197,921 | 3,367,306 | 84 | 3,367,390 |
| Total expenses before allocation of administrative | 898,402 | 1,937,701 | 775,716 | 9,482,664 | 13,094,483 | 602,616 | 13,697,099 |
| Indirect expenses | | | | | | | |
| Administration and support | 30,835 | 42,400 | 56,224 | 473,157 | 602,616 | (602,616) | - |
| Total expenses | \$ 929,237 | \$ 1,980,101 | \$ 831,940 | \$ 9,955,821 | \$ 13,697,099 | \$ - | \$ 13,697,099 |

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

Health Planning Council of Southwest Florida, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

| | Program Services | | | | Supporting Services | | Total Expenses |
|--|------------------|---------------|--------------------------|--------------------|------------------------|----------------------------------|----------------|
| | Navigator | HOPWA Program | Health Planning Services | Early Intervention | Total Program Services | Administration and Other Support | |
| Personnel expenses | | | | | | | |
| Salaries | \$ 478,788 | \$ 68,510 | \$ 375,783 | \$ 6,144,511 | \$ 7,067,592 | \$ 426,768 | \$ 7,494,360 |
| Fringe benefits | 97,404 | 17,723 | 69,212 | 1,511,204 | 1,695,543 | 89,034 | 1,784,577 |
| Total personnel | 576,192 | 86,233 | 444,995 | 7,655,715 | 8,763,135 | 515,802 | 9,278,937 |
| Operating expenses | | | | | | | |
| Rent and utilities | 25,955 | 3,964 | 20,022 | 178,110 | 228,051 | 118 | 228,169 |
| Travel | 14,118 | 301 | 2,492 | 16,338 | 33,249 | 72,473 | 105,722 |
| Office expenses | 126,257 | 5,973 | 36,562 | 249,995 | 418,787 | 6,728 | 425,515 |
| Total operating | 166,330 | 10,238 | 59,076 | 444,443 | 680,087 | 79,319 | 759,406 |
| Direct expenses | - | 1,494,646 | 731,363 | 900,971 | 3,126,980 | - | 3,126,980 |
| Total expenses before allocation of administrative | 742,522 | 1,591,117 | 1,235,434 | 9,001,129 | 12,570,202 | 595,121 | 13,165,323 |
| Indirect expenses | | | | | | | |
| Administration and support | 32,020 | 58,499 | 59,846 | 444,756 | 595,121 | (595,121) | - |
| Total expenses | \$ 774,542 | \$ 1,649,616 | \$ 1,295,280 | \$ 9,445,885 | \$ 13,165,323 | \$ - | \$ 13,165,323 |

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

Health Planning Council of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE A – NATURE OF ORGANIZATION

Health Planning Council of Southwest Florida, Inc. (the “Council”) was incorporated on December 29, 1982, under the laws of Florida as a nonprofit organization to provide health planning services and to promote the planning and development of a local comprehensive health care delivery system. The Council is responsible for health planning for a seven-county area which includes Charlotte, Collier, DeSoto, Glades, Hendry, Lee and Sarasota counties.

In addition, the Council runs several programs which provide health care and other services to various populations within this area, as well as in Hardee, Highlands, and Manatee counties.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Framework

The Council's financial statements have been prepared using the accrual reporting framework. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

2. Basis of Presentation

Support from federal and state grants are recorded based upon the terms of the grantor allotments, which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred.

Contributions and grants received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. The Council reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions.

The Council reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Health Planning Council of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Basis of Presentation (continued)

Some net assets with donor restrictions may include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Council to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy. There were no assets with donor restrictions at June 30, 2024 and 2023.

3. Revenue Recognition

The Council follows Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied, and ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

The Council recognizes federal and state and grants from other not-for-profit organizations on the accrual basis. Support and revenues from grants and contracts are generally recognized as eligible costs are incurred and/or as required services are performed. Grants are generally deemed to be exchange transactions.

Contributions are generally recognized as revenue when received or designated at a point in time and when any barriers to recognition have been overcome. Contributions received generally do not have a right of return. Contributions received with restrictions that are met in the same fiscal year are accounted for as contributions without restrictions.

4. Allocation of Expenses

The costs of providing program and related support services have been presented in detail in the statements of functional expenses and are summarized on a functional basis in the statements of activities.

5. Property and Equipment

Property and equipment are recorded at cost. Donated assets, if any, are recorded at their fair market value at the time of donation. Additions and major renewals in excess of \$5,000 are capitalized. Depreciation is recognized using the straight-line method over the estimated useful lives of the assets, which range from two to five years. The cost of maintenance and repairs is charged to operations, as incurred. See Note G for additional information.

Health Planning Council of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Income Taxes

The Council has been granted a ruling that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The Council is a non-profit Florida corporation and, therefore, is not subject to state income taxes. Accordingly, no provision for income taxes has been made. The Council is not considered a private foundation within the meaning of Section 509(a) of the Code.

The Council has not identified any tax positions that it would consider uncertain tax positions as defined by the FASB Accounting Standards Code Section 740.

7. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Council considers all unrestricted, highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

8. Compensated Absences

The Council accrues for vacation benefits earned by employees, but not yet taken. The Council's employees are not entitled to payment for unused sick days. As of June 30, 2024 and 2023, compensated absences totaled \$542,302 and \$476,783, respectively, and are included in accrued payroll on the statements of financial position.

9. Deferred Revenue

Deferred revenue represents income received but not yet earned.

10. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

11. Lease Liability

FASB ASU 2016-02, *Leases*, requires lessees to put most leases on their balance sheets and recognize expenses on their income statements. The Council adopted the lease standard effective June 30, 2020 using the cumulative-effect adjustment transition method, which applies the provisions of the standard at the effective date without adjusting the prior period. The Council adopted the following practical expedients and elected the following accounting policies relating to this standard update:

Health Planning Council of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Lease Liability (continued)

- Short-term lease accounting policy election allowing lessees to not recognize right-of-use assets and liabilities for leases with a term of 12 months or less; and
- The option to not separate lease and non-lease components for certain equipment lease asset categories

This standard resulted in the recognition of operating lease right-of-use assets and corresponding lease liabilities of \$240,937 and \$355,897 on the balance sheets as of June 30, 2024 and 2023, respectively. See Note K for further information.

Rental expense for operating leases is recognized by amortizing the right-of-use asset on a straight-line basis over the term of the respective lease and is included in rent and utilities in the statement of functional expenses.

The present value of the lease liability was calculated using the risk-free rate with a weighed-average of 4.09%. The weighted-average remaining lease term is 1.66 years.

Operating leases with a term of 12 months or less are not recorded on the statement of financial position and rental expense is recognized on a straight-line basis over the term of the lease.

12. Recent Accounting Pronouncements

Effective July 1, 2023, the Council adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Council's financial statements and did not change how the allowance for credit losses (i.e., doubtful accounts) is determined.

13. Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

NOTE C – CONCENTRATION OF CREDIT RISK

The Council maintains its cash and cash equivalent accounts at a commercial banking institution located in Fort Myers, Florida. Accounts at the commercial banking institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The uninsured balances at June 30, 2024 and 2023, were \$440,886, and \$806,504, respectively, and consisted of short-term, government-backed, pooled investments held in a sweep account.

Health Planning Council of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE D – ACCRUED REVENUE

The majority of the Council's grants are reimbursed based on actual expenditures paid. Accrued revenue represents qualifying expenditures which have not been paid prior to year-end but for which the Council has incurred a liability. The off-setting expenses are included in accounts payable on the statements of financial position.

NOTE E – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30:

| | 2024 | 2023 |
|---|--------------|--------------|
| Early Intervention Program – State of Florida | \$ 1,964,012 | \$ 1,688,523 |
| HOPWA Program | 442,238 | 430,625 |
| Disaster Coalition | 155,923 | 216,011 |
| Other | 23,730 | 231,198 |
| | | |
| Health Planning – State of Florida | 41,495 | 36,083 |
| Navigator Program – USF | 252,706 | 246,271 |
| | \$ 2,880,104 | \$ 2,848,711 |

Accounts receivable are recorded at cost. All accounts receivables are considered collectible; therefore, no allowance for bad debts has been recorded.

NOTE F – RETIREMENT PLAN

The Council has a defined contribution retirement plan covering all employees who meet the age and service requirement. Employer contributions are based on 10% of participants' compensation. Employees are 100% vested after 5 years of service. The Council's contributions for the years ended June 30, 2024 and 2023, were \$645,462 and \$598,638, respectively, and are included in fringe benefits in the statements of functional expenses.

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

| | 2024 | 2023 |
|--------------------------------|-----------|-----------|
| Office equipment | \$ 31,443 | \$ 31,443 |
| Leasehold improvements | 35,175 | 35,175 |
| Software | 20,640 | 20,640 |
| Computer equipment | 26,784 | 26,784 |
| | 114,042 | 114,042 |
| Less: accumulated depreciation | (106,094) | (102,879) |
| | \$ 7,948 | \$ 11,163 |

Depreciation expense for the years ended June 30, 2024 and 2023 was \$3,215 and is included in operating expenses in the statements of functional expenses.

Health Planning Council of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE H – DEFERRED REVENUE

Deferred revenue consisted of advances on grants and contracts which had been received by the Council but had not yet been earned. Deferred revenue, as of June 30, 2024 and 2023, was as follows:

| | 2024 | 2023 |
|----------------------------|------------|------------|
| Disaster Coalitions | \$ 120,412 | \$ 208,019 |
| Due to DOH | 7,442 | - |
| FHA funds | - | 18,810 |
| Early Intervention program | - | 3,267 |
| ARPA funds | - | 50,418 |
| | \$ 127,854 | \$ 280,514 |

NOTE I – BANK LINE OF CREDIT

The Council entered into a \$500,000 line of credit agreement with Iberia Bank on March 31, 2020. The line of credit is governed by a loan agreement. The line of credit was renewed on July 30, 2024 with a maturity date of September 30, 2026. At June 30, 2024 and 2023 the total credit available under the line of credit was \$500,000, with a variable interest rate computed on the 365/360 basis at 8.50%.

NOTE J – ECONOMIC DEPENDENCY

The Council receives a substantial amount of its income from grants which are on a year-to-year basis. During the year ended June 30, 2024, the Council received 86% of its income from three grants totaling \$11,843,990. During the year ended June 30, 2023, the Council received 87% of its income from three grants totaling \$11,550,110.

NOTE K – LEASE LIABILITY

The Council entered into leases for its Lee County facilities which commenced on September 1, 2014, and expired on August 31, 2018. The Council renewed the lease on September 1, 2018 for another four years and on May 5, 2022 for an additional three, expiring on August 31, 2025. The leases are cancellable at any time by providing the landlord with 60 day's advance written notice. Rental expense under these leases for the years ended June 30, 2024 and 2023, was \$85,335 and \$95,889, respectively.

The Council also entered into a lease for office space in Sarasota County. The lease commenced on July 1, 2016, and expired on June 30, 2017. The Council has the option to renew this lease on an annual basis. Since July 1, 2017, the lease has been renewed on a yearly basis. On July 1, 2022 the Council renewed the lease until June 30, 2023, and again on July 1, 2023 until June 30, 2024. The lease was renewed again on July 1, 2024 until June 30, 2025. The lease is cancellable at any time by providing the landlord with 90 day's advance written notice. Rental expense under this lease for the years ended June 30, 2024 and 2023, was \$96,024 per year.

Health Planning Council of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE K – LEASE LIABILITY (continued)

The Council also entered into a lease for office space in Highlands County. The lease commenced on November 1, 2016, and expired on October 31, 2017, and renewed for period November 1, 2017, and expired on October 31, 2018. In November 2019, the Council renewed the lease until October 31, 2022. In December 2022 the Council renewed the lease until December 2027. Rental expense under this lease for the years ended June 30, 2023 and 2022, was \$14,616 and \$13,416, respectively.

The Council also entered into various leases for its office equipment. The leases are for 36 months with various expiration dates through March 2026. Rental expense under these leases for the years ended June 30, 2023 and 2022, was \$6,742 and \$6,144, respectively.

The Council's maturity analysis of operating lease liabilities as of June 30, 2024 are as follows:

| | | |
|---------------------------------------|----|------------------|
| 2025 | \$ | 183,683 |
| 2026 | | 40,704 |
| 2027 | | 15,971 |
| 2028 | | <u>8,353</u> |
| Total lease payments | | 248,711 |
| Less imputed interest | | <u>(7,774)</u> |
| Present value of lease liabilities | | 240,937 |
| Less current obligation | | <u>(180,453)</u> |
| Long-term obligation at June 30, 2024 | \$ | <u>60,484</u> |

NOTE L – RECONCILIATION OF EXPENDITURES OF FEDERAL AWARDS

Federal grant revenue recognized on the statement of activities is reconciled to the supplementary schedule of expenditures of federal awards and state financial assistance for the year ended June 30, 2024, as follows:

| | | |
|--------------------------------|----|------------------|
| Federal grant revenue | \$ | 6,647,347 |
| Change in deferred revenue | | <u>(10,290)</u> |
| Expenditures of federal awards | \$ | <u>6,637,057</u> |

NOTE M – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Council. Those expenses that are directly attributable to the Council's programs have been allocated to the various programs. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. Indirect costs have been allocated among the programs based on the percentage of full-time employees utilized by each program.

Health Planning Council of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE N – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Council's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 494,522 | \$ 748,674 |
| Accounts receivable | 2,880,104 | 2,848,711 |
| Accrued revenue | 43,532 | 26,729 |
| Prepaid expenses | 193,785 | 179,240 |
| Total financial assets available within one year | <u>3,611,943</u> | <u>3,803,354</u> |
| Accounts payable | 578,221 | 697,796 |
| Accrued payroll | 627,944 | 523,247 |
| Retirement plan payable | 59,509 | 82,022 |
| Deferred revenue | 127,854 | 280,514 |
| Operating lease liability | 180,453 | 185,853 |
| Total amounts unavailable for general expenditures within one year | <u>1,573,981</u> | <u>1,769,432</u> |
| Total net financial assets available within one year | <u>\$ 2,037,962</u> | <u>\$ 2,033,922</u> |

As part of the Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE O – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 15, 2024, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION



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

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga

Winter Park, FL 32789
501 S. New York Ave.
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Phone: 305-445-7956

Miramar, FL 33025
11450 Interchange Circle
Phone: 954-435-4222

To the Board of Directors of
Health Planning Council of Southwest Florida, Inc.
Fort Myers, 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 Health Planning Council of Southwest Florida, Inc. (the “Council”) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Council’s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
November 15, 2024



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

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga

To the Board of Directors of
Health Planning Council of Southwest Florida, Inc.
Fort Myers, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Health Planning Council of Southwest Florida, Inc.’s (the “Council”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the *Department of Financial Services’ State Projects Compliance Supplement*, and special audit guidance provided by the Division of Children’s Medical Services that could have a direct and material effect on each of the Council’s major federal programs and state projects for the year ended June 30, 2024. The Council’s major federal programs and state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council’s 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 June 30, 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*, and special audit guidance provided by the Division of Children’s Medical Services. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council 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 the Council’s compliance with the compliance requirements referred to above.

Winter Park, FL 32789
501 S. New York Ave.
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
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Miami Lakes, FL 33016
7900 NW 155th Street
Phone: 305-445-7956

Miramar, FL 33025
11450 Interchange Circle
Phone: 954-435-4222

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Council's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and 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 the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council'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 the Council's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

Report on Internal Control over Compliance (continued)

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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
November 15, 2024

Health Planning Council of Southwest Florida, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor’s report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Type of auditor’s report issued on compliance for major programs: | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. Audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 4. Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| 5. Auditee qualified as low-risk auditee? | Yes |

Identification of major programs:

| | |
|--|------------|
| <u>Name of Federal Programs</u> | <u>ALN</u> |
| Special Education – Grants to Infants and Families with Disabilities | 84.181 |

Health Planning Council of Southwest Florida, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2024

Section I – Summary of Auditor’s Results (continued)

State Financial Assistance

- | | |
|--|---------------|
| 1. Type of auditor’s report issued on compliance for major projects: | Unmodified |
| 2. Internal control over major projects: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, <i>Rules of the Auditor General</i> | No |
| 4. Dollar threshold used to distinguish between Type A and Type B projects | \$750,000 |

Identification of major projects:

| | |
|--|-------------|
| <u>Name of State Project</u> | <u>CFSA</u> |
| Special Education – Grants to Infants and Families with Disabilities | 64.022 |

Section II – Financial Statement Findings

No current year findings (no corrective action plan or management letter required)

Section III – Federal Award and State Financial Assistance Findings and Questioned Costs

None reported (no corrective action plan or management letter required)

Section IV – Status of Prior Year Audit Findings

There were no prior year audit findings.

Health Planning Council of Southwest Florida, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2024

| Grantor/Program Title | ALN/CFSA | Grant Number | Expenditures |
|--|----------|--------------|----------------------|
| Federal Awards: | | | |
| U.S. Department of Health and Human Services | | | |
| Passed through The University of South Florida PPHF Cooperative Agreement to Support Navigators in Federally facilitated and State Partnership Marketplaces | 93.332 | N/A | \$ 939,007 |
| Passed through Health Council of Central Florida Community-Based Workforce to Increase COVID-19 Vaccinations in the Underserved Communities | 93.011 | N/A | 11,201 |
| Passed through the State of Florida Florida Department of Health: National Bioterrorism Hospital Preparedness Program | 93.889 | COPBK | 616,250 |
| Passed through Florida Hospital Association, Inc Health Care Coalition Association COVID-19 Preparedness and Response Activities | 93.889 | FHA | 18,810 |
| U.S. Department of Education | | | |
| Passed through the State of Florida FL Department of Health, Children's Medical Services: Special Education - Grants to Infants and Families with Disabilities | 84.181 | COQZE | 2,891,239 |
| U.S. Department of Housing and Urban Development | | | |
| Passed through the State of Florida Florida Department of Health: Housing Opportunities for Persons with AIDS Area 8 (Payments to subrecipients - \$397,386) | 14.241 | CODUI | 1,977,211 |
| U.S. Department of the Treasury | | | |
| The American Rescue Plan Act of 2021 | 21.027 | N/A | 183,339 |
| Total Expenditures of Federal Awards | | | <u>\$ 6,637,057</u> |
| State Financial Assistance: | | | |
| Florida Department of Health | | | |
| Special Education - Grants to Infants Family with Disabilities | 64.022 | COQZE | \$ 5,032,739 |
| Passed through the Health Council of South Florida: Local Health Councils | 64.032 | CORGW | 163,904 |
| Total Expenditures of State Financial Assistance | | | <u>\$ 5,196,643</u> |
| Total Expenditures of Federal Awards and State Financial Assistance | | | <u>\$ 11,833,700</u> |

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), State of Florida Chapter 10.650, *Rules of the Auditor General*, and the Department of Financial Service's *State Projects Compliance Supplement*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - 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 for the return of those funds. In the opinion of management, all grant expenditures were in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

Note 3 - Indirect Cost Rates

The Council has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2024. The indirect cost rates used on the Council's federal programs and state projects are determined by the relevant federal or state agency.

See independent auditor's report.