

**HIBISCUS CHILDREN'S CENTER, INC.  
AND AFFILIATE**

**Combined Financial Statements and  
Supplementary Information  
with  
Independent Auditors' Report**

Year Ended June 30, 2024  
(With Corresponding Totals for June 30, 2023)



**Hibiscus Children's Center**  
Saving Children Since 1985

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Hibiscus Children's Center, Inc. and Affiliate

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying combined financial statements of Hibiscus Children's Center, Inc. and Affiliate (nonprofit organizations), which comprise the combined statements of financial position as of June 30, 2024, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hibiscus Children's Center, Inc. and Affiliate as of June 30, 2024, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hibiscus Children's Center, Inc. and Affiliate 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 Hibiscus Children's Center, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

To the Board of Directors of  
Hibiscus Children's Center, Inc. and Affiliate

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 Hibiscus Children's Center, Inc. and Affiliate'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 Hibiscus Children's Center, Inc. and Affiliate'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.



To the Board of Directors of  
Hibiscus Children’s Center, Inc. and Affiliate

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying combining schedule of financial position, the combining schedule of activities and changes in net assets, the schedule of expenditures of federal awards, the schedule of expenditures of state financial assistance, and notes to 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 combining schedule of financial position and the combining schedule of activities and changes in net assets, the schedule of expenditures of federal awards, the schedule of expenditures of state financial assistance, and notes to 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 February 9, 2024, on our consideration of Hibiscus Children’s Center, Inc. and Affiliate’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 Hibiscus Children’s Center, Inc. and Affiliate’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 Hibiscus Children’s Center, Inc. and Affiliate’s internal control over financial reporting and compliance.

***Report on Summarized Comparative Information***

We have previously audited the Organization’s 2023 financial statements and expressed an unmodified audit opinion on those audited financial statements in our report dated February 9, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Nuttall, Howes and Associates, CPAs*

Nuttall, Howes & Associates, CPAs  
January 15, 2025



**Hibiscus Children's Center, Inc. and Affiliate**  
**Combined Statements of Financial Position**  
**June 30, 2024**  
(With Corresponding Totals for June 30, 2023)

	2024	2023
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 961,148	\$ 862,270
Accounts receivable, net	759,257	886,215
Contributions receivable, net	42,000	2,500
Prepays and other assets	131,162	122,800
<b>Total current assets</b>	<b>1,893,567</b>	<b>1,873,785</b>
<b>Other assets:</b>		
Cash held as agent	6,186	8,548
Investments	949,681	1,161,474
Endowment investments	4,517,897	3,672,783
Contributions receivable, net	46,956	32,456
Deposits	14,278	14,278
<b>Total other assets</b>	<b>5,534,998</b>	<b>4,889,539</b>
<b>Property and equipment, net</b>	<b>4,341,797</b>	<b>4,277,607</b>
<b>Total assets</b>	<b>\$ 11,770,362</b>	<b>\$ 11,040,931</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 174,540	\$ 133,943
Accrued payroll and related liabilities	507,861	593,948
Deferred revenue	14,500	10,000
Assets held for others	6,186	8,548
<b>Total current liabilities</b>	<b>703,087</b>	<b>746,439</b>
<b>Net assets:</b>		
Without donor restrictions	10,812,110	10,025,818
With donor restrictions	255,165	268,674
<b>Total net assets</b>	<b>11,067,275</b>	<b>10,294,492</b>
<b>Total liabilities and net assets</b>	<b>\$ 11,770,362</b>	<b>\$ 11,040,931</b>

See accompanying notes to financial statements.

**Hibiscus Children's Center, Inc. and Affiliate**  
**Combined Statements of Activities and Changes in Net Assets**  
**For the year ended June 30, 2024**  
**(With Corresponding Totals for June 30, 2023)**

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	All Funds Combined
<b>Operating activities:</b>				
Grants and contracts for operations	\$ 5,116,692	\$ -	\$ 5,116,692	\$ 5,582,453
Patient service income	1,062,508	-	1,062,508	1,036,806
Contributions	2,141,846	-	2,141,846	1,616,999
Thrift store	444,240	-	444,240	420,985
Special events (integral and ongoing):				
Special event contributions	745,729	-	745,729	698,577
Special event income	193,908	-	193,908	182,675
Cost of direct benefits to donors	(157,818)	-	(157,818)	(139,258)
<b>Net revenue from special events</b>	<b>781,819</b>	<b>-</b>	<b>781,819</b>	<b>741,994</b>
<b>Total revenue and support before releases</b>	<b>9,547,105</b>	<b>-</b>	<b>9,547,105</b>	<b>9,399,237</b>
<b>Net assets released from restrictions</b>				
Satisfaction of donor restrictions	29,127	(29,127)	-	-
<b>Total revenue and support</b>	<b>9,576,232</b>	<b>(29,127)</b>	<b>9,547,105</b>	<b>9,399,237</b>
<b>Expenses:</b>				
<b>Program activities:</b>				
Residential	4,605,534	-	4,605,534	4,648,491
Clinical	1,776,547	-	1,776,547	1,669,077
Support for families in crisis	376,353	-	376,353	369,026
Safe care	311,345	-	311,345	367,594
<b>Total program activities</b>	<b>7,069,779</b>	<b>-</b>	<b>7,069,779</b>	<b>7,054,188</b>
Thrift store	360,577	-	360,577	329,191
Fundraising	534,228	-	534,228	558,881
General and administrative	1,232,387	-	1,232,387	1,228,636
<b>Total program and supporting activities</b>	<b>9,196,971</b>	<b>-</b>	<b>9,196,971</b>	<b>9,170,896</b>
<b>Change in net assets from operating activities</b>	<b>379,261</b>	<b>(29,127)</b>	<b>350,134</b>	<b>228,341</b>
<b>Non-operating activities:</b>				
Investment return, net	355,836	15,618	371,454	218,155
Gain (Loss) on sale of assets	51,195	-	51,195	1,725
<b>Change in net assets from non-operating activities</b>	<b>407,031</b>	<b>15,618</b>	<b>422,649</b>	<b>219,880</b>
<b>Change in net assets</b>	<b>786,292</b>	<b>(13,509)</b>	<b>772,783</b>	<b>448,221</b>
<b>Net assets, beginning of year</b>	<b>10,025,818</b>	<b>268,674</b>	<b>10,294,492</b>	<b>9,846,271</b>
<b>Net assets, end of year</b>	<b>\$ 10,812,110</b>	<b>\$ 255,165</b>	<b>\$ 11,067,275</b>	<b>\$ 10,294,492</b>

See accompanying notes to financial statements.

**Hibiscus Children's Center, Inc. and Affiliate**  
**Combined Statements of Functional Expenses**  
**For the year ended June 30, 2024**  
**(With Corresponding Totals for June 30, 2023)**

	2024					2023				
	Program Activities					Supporting Activities				Combined
	Residential	Clinical	Support for Families in Crisis	Safe Care	Total Program	Thrift Store	Fundraising	General and Administrative	Total Expenses	
Salaries and wages	\$2,597,805	\$1,104,108	\$ 180,306	\$ 137,746	\$4,019,965	\$ 185,923	\$ 354,171	\$ 884,971	\$5,445,030	\$5,376,352
Employee benefits	495,984	207,473	47,943	37,476	788,876	30,018	44,814	96,949	960,657	946,367
Payroll taxes	212,714	86,023	13,490	10,807	323,034	14,543	26,740	62,212	426,529	416,216
<b>Total staffing</b>	<b>3,306,503</b>	<b>1,397,604</b>	<b>241,739</b>	<b>186,029</b>	<b>5,131,875</b>	<b>230,484</b>	<b>425,725</b>	<b>1,044,132</b>	<b>6,832,216</b>	<b>6,738,935</b>
Advertising and promotional	-	-	-	-	-	588	7,796	331	8,715	10,017
Aid to families	10,249	-	88,788	-	99,037	-	-	-	99,037	86,692
Bad debt	-	12,310	-	-	12,310	-	-	-	12,310	2,160
Depreciation	321,604	2,075	2,636	2,636	328,951	4,282	-	5,208	338,441	337,089
Dues, licenses and subscriptions	22,138	4,191	650	-	26,979	-	3,284	11,493	41,756	49,718
Equipment rental and maintenance	146,927	7,193	318	-	154,438	3,009	1,269	10,415	169,131	139,468
General operating supplies	176,034	5,334	3,702	-	185,070	918	4,191	16,169	206,348	263,269
Information technology	44,771	47,159	4,225	3,919	100,074	1,774	19,783	5,261	126,892	124,777
Insurance	115,034	25,142	3,279	2,491	145,946	8,701	5,465	20,165	180,277	171,939
Occupancy	117,597	61,533	11,885	3,274	194,289	78,665	2,998	36,755	312,707	346,325
Office expenses and miscellaneous	56,882	19,608	4,665	3,388	84,543	18,564	43,983	15,786	162,876	160,931
Professional services	60,736	115,441	3,460	693	180,330	4,972	5,068	14,716	205,086	261,869
Program expenses	114,098	20,217	1,498	104,960	240,773	-	-	-	240,773	241,700
Telephone	30,609	11,491	2,681	1,595	46,376	1,914	911	13,486	62,687	60,494
Training	38,825	8,346	290	1,700	49,161	-	4,752	9,779	63,692	59,062
Travel and transportation	43,527	38,903	6,537	660	89,627	6,706	9,003	28,691	134,027	116,451
<b>Total expenses</b>	<b>\$4,605,534</b>	<b>\$1,776,547</b>	<b>\$ 376,353</b>	<b>\$ 311,345</b>	<b>\$7,069,779</b>	<b>\$ 360,577</b>	<b>\$ 534,228</b>	<b>\$1,232,387</b>	<b>\$9,196,971</b>	<b>\$9,170,896</b>

See accompanying notes to financial statements.

**Hibiscus Children's Center, Inc. and Affiliate**  
**Combined Statements of Cash Flows**  
**For the year ended June 30, 2024**  
**(With Corresponding Totals for June 30, 2023)**

	2024	2023
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 772,783	\$ 448,221
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	338,441	337,089
Gain on sale of assets	(51,195)	(1,725)
Net realized and unrealized gains on investments	278,501	147,625
(Increase) decrease in:		
Accounts receivable	126,958	(133,910)
Contributions receivable	(54,000)	215,500
Prepays and other assets	(8,362)	(19,818)
Deposits	-	(240)
Increase (decrease) in:		
Accounts payable	40,597	44,647
Accrued payroll and related liabilities	(86,087)	29,355
Deferred revenue	4,500	10,000
Assets held for others	(2,362)	2,487
<b>Net cash provided by operating activities</b>	<b>1,359,774</b>	<b>1,079,231</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(415,609)	(433,576)
Proceeds from sale of property and equipment	64,173	13,000
Proceeds from sale of investments	3,196,491	3,359,577
Purchase of investments	(4,108,313)	(4,482,431)
<b>Net cash used for investing activities</b>	<b>(1,263,258)</b>	<b>(1,543,430)</b>
<b>Net increase (decrease) in cash</b>	<b>96,516</b>	<b>(464,199)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>870,818</b>	<b>1,335,017</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 967,334</b>	<b>\$ 870,818</b>

See accompanying notes to financial statements.

**Hibiscus Children’s Center, Inc. and Affiliate**  
Notes to Financial Statements  
For the Year ended June 30, 2024

**Note 1 – Nature of Organization and Purpose**

**Organization and Purpose**

Hibiscus Children’s Center, Inc. (“Hibiscus”) is a Florida not-for-profit corporation organized and licensed by the Florida Department of Children and Families to operate a number of well-defined programs to meet the critical needs of Florida’s abused or neglected children and their families. These programs are varied in scope to focus directly on the needs of these troubled children and include high quality residential care, assistance to families in trouble, therapeutic services and support for foster families. Serving principally the Martin, Okeechobee, St. Lucie and Indian River counties of Florida, Hibiscus was incorporated on September 11, 1985 and opened the first shelter in October 1989. Hibiscus provides the following social, health and welfare services to the community.

**Hibiscus Residential Programs** provide a safe environment for newborns to 17- year olds with 24-hour supervision, medical and dental care, plus psychological counseling through facilities at its Jensen Beach Shelter and Vero Beach Children’s Village. At these facilities, children live in a home-like environment where they can more naturally prepare for successful transition into foster or adoptive homes. Hibiscus is the only licensed residential child caring shelter on the Treasure Coast of Florida. The facilities care for children removed from their families by court order.

**Hibiscus Clinical Programs** provide a wide range of mental health services to residential and outpatient clients. These services include individual, family and group therapy, psychiatric evaluation, medication management and many more critical services that support children and their families in our community.

**Hibiscus Support for Families in Crisis** is a nationally recognized abuse prevention program for families who seek help voluntarily offering respite care, counseling, housing and mental health services.

**Hibiscus Safe Care Program** provides home-based prevention services with an individual or family focus that include assessment, case planning, case management, education, and/or skill building that have been shown to be effective in preventing child abuse.

**Affiliated Corporation**

The Hibiscus Children’s Center Foundation, Inc. (“Foundation”) was established for the purpose of maintaining endowment funds exclusively for Hibiscus. Both Hibiscus and the Foundation are related organizations with the same Board of Directors. The accompanying financial statements include the accounts of both entities. Inter-company transactions and balances have been eliminated.

**Income Tax Status**

Hibiscus and the Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and state income taxes on related income pursuant to Section 501(a) of the code. Hibiscus and the Foundation are not classified as private foundations. Accordingly, no provision for income taxes is recorded in the accompanying financial statements.

## **Hibiscus Children's Center, Inc. and Affiliate**

Notes to Financial Statements (continued)

### **Note 2 – Summary of Significant Accounting Policies**

#### **Fiscal Agent**

Hibiscus is a fiscal agent for The Martin and Indian River County Guilds (“the Guilds”). The Guilds have been the driving force behind Hibiscus’s fundraising activities. These dynamic volunteers spend their time creating, planning, and executing events across the Treasure Coast to benefit the children.

Additionally, the Guilds collect dues and incur expenses for a variety of things that benefit the children of the Village directly. The board of directors of the Guilds maintain variance power over any funds received or expended. The revenues and expenses of the Guilds are not reflected on the financial statements of Hibiscus. The liability for cash held as of yearend is reflected on the Statement of Financial Position as Assets held for others.

#### **Basis of Accounting**

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles, using the accrual basis of accounting. Assets and related revenues are recorded when earned, and liabilities and related expenses are recognized as incurred. In applying generally accepted accounting principles to program service revenues, the legal and contractual requirements of the individual programs are used as guidance.

#### **Basis of Presentation**

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958.

Accordingly, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets and changes therein are classified as follows:

#### **Net Assets without Donor Restrictions**

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Hibiscus and the Foundation. The Board of Directors may designate assets without restrictions for specific operational purposes from time to time.

#### **Net Assets with Donor Restrictions**

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Hibiscus and the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

All contributions are considered available for unrestricted use unless specifically restricted by the donor. When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include cash and investments that are readily convertible into cash and have original maturities of three months or less.

**Note 2 – Summary of Significant Accounting Policies** (continued)

**Investments**

Debt and equity securities with readily determinable fair values purchased for investment are recorded at fair value based on quoted market prices. Net appreciation (depreciation) in the fair value of investments, which includes realized gains and losses and unrealized appreciation (depreciation) on those investments, is reported in the statement of activities in accordance with donor restrictions as investment return. Investment return is presented net of investment fees. Cost basis is determined on the date of purchase. Hibiscus and the Foundation, on occasion, receives short-term investments, generally consisting of stocks or bonds, from donors in satisfaction of pledges made. The organization sells the contributed investments as soon as is practical after receipt.

**Unconditional Promises to Give**

Unconditional promises to give (contributions receivable) are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Unconditional promises to give that are scheduled to be collected in the succeeding twelve months are reflected as current promises to give and are recorded at their net realizable value, which approximates fair value. Unconditional promises to give that are scheduled to be collected beyond the succeeding twelve months are reflected as long-term promises to give and are recorded at the present value of their net realizable value. Management considers the unconditional promises receivable at year-end to be fully collectible, therefore, an allowance for uncollectible promises has not been recorded. Conditional promises to give are recognized when the condition on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

**Patient Service Income**

Patient service income is reported by Hibiscus using standard fees. Contractional allowances are provided to adjust patient revenues to its net realized value from patients, third-party payers, and others for services rendered under reimbursement agreements. These allowances for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and final settlements are reported in operations in the year of settlement.

**Allowance for Doubtful Accounts**

Accounts receivable considered uncollectible are charged against the allowance account in the year they are deemed uncollectible. The allowance account is adjusted at year end to reflect the percentage of accounts receivable considered uncollectible.

**Property and Equipment**

Property and equipment acquisition greater than \$2,500 and a useful life over two or more years are capitalized and are stated at cost. Donated property and equipment are 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, which ranges from 3 - 40 years.

## **Hibiscus Children's Center, Inc. and Affiliate**

Notes to Financial Statements (continued)

### **Note 2 – Summary of Significant Accounting Policies (continued)**

#### **Leases**

Hibiscus assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases are classified as either operating or finance leases, based on the terms of the agreement and the criteria set forth in ASC 842. Lease classification affects the recognition, measurement, and presentation of lease-related balances on the financial statements. Hibiscus is contracted with only an operating lease.

Hibiscus recognizes a right-of-use (ROU) asset and lease liability for all leases with terms exceeding 12 months and are noncancelable. Lease liabilities are initially measured at the present value of lease payments over the lease term, discounted using the rate implicit in the lease if readily determinable or Hibiscus' incremental borrowing rate otherwise. The corresponding ROU asset is measured at the initial amount of the lease liability with potential adjustments set forth in ASC 842.

Lease payments included in the measurement of lease liabilities primarily consist of fixed payments, variable payments that depend on an index or rate, and payments related to purchase or renewal options reasonably certain to be exercised. The lease term includes the noncancelable period of the lease, along with periods covered by renewal options that Hibiscus is reasonably certain to exercise.

Operating lease ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the future minimum lease payments over the lease term, discounted using Hibiscus' incremental borrowing rate. ROU assets and the related liabilities resulting from operating leases are included as operating assets and liabilities in the statement of financial position. Operating lease cost is recognized on a straight-line basis over the lease term as rent expense within the statement of activities.

Adoption of FASB ASC 842 did not result in any material changes to the financial statements.

#### **In-kind Contributions**

In-kind contributions of services requiring special skills that create or enhance the value of non-financial assets are recognized at their fair market values consistent with those amounts which would be paid for similar products and services.

#### **Contributed Services**

While donated services from unpaid volunteers that enhance the effectiveness of the programs or assist in fund-raising and administration, these services do not create or enhance non-financial assets, nor do they require specialized skills that if not provided by a volunteer would be purchased. Accordingly, while these services contribute to the success of the programs, they do not meet the criteria for recognition under ASC 958-605-25-16 and have not been reflected in the accompanying financial statements.

## **Hibiscus Children's Center, Inc. and Affiliate**

Notes to Financial Statements (continued)

### **Note 2 – Summary of Significant Accounting Policies** (continued)

#### **Measure of Operations**

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to Hibiscus and the Foundations' ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

#### **Functional Allocation of Expenses**

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Allocations for occupancy cost are determined by management by location are allocated based on Full Time Equivalent (FTE). The percentage is calculated using total number of department FTE employees over total FTE employees at the facility. Additionally, administrative payroll and related employee benefits are allocated based on estimate of time and effort spent on each program.

#### **Accounting 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Prior Period Information**

The financial statements include certain prior year corresponding totals intended to be read only in relation to the current period presentation. The corresponding information was derived from Hibiscus Children's Center, Inc. and Affiliate's audited financial statements for the year ended June 30, 2023 but does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. The prior year corresponding totals may also reflect certain reclassifications of amounts to conform to the current year presentations.

### **Note 3 – Cash Balances**

Financial instruments which potentially subject Hibiscus and the Foundation to a concentration of credit risk include cash held at financial institutions, which may exceed FDIC insurance limits or be subject to risks associated with underlying securities. Hibiscus and the Foundation have not experienced any losses in such accounts and believe they are not exposed to any significant credit risk related to cash.

**Hibiscus Children's Center, Inc. and Affiliate**

Notes to Financial Statements (continued)

**Note 4 – Accounts Receivable**

Accounts receivable of \$759,257, as of June 30, 2024, consist primarily of provider contracts from federal and state funding sources and Medicaid. This amount is reported net of an allowance of \$15,164 as of June 30, 2024.

**Note 5 – Contributions Receivable**

Contributions receivable as of June 30, 2024, consist of unconditional promises to give in future years as follows:

Within one year	\$ 42,000
Within two to five years	46,956
	\$ 88,956

**Note 6 – Investments**

Investments are carried at fair value based on quoted prices in active markets consist and of the following as of June 30, 2024:

	Cost	Fair Market Value	Net Unrealized Gains (Losses)
Cash and cash equivalents	\$ 3,151,472	\$ 3,159,689	\$ 8,217
Mutual funds	1,422,079	1,501,299	79,220
Exchange traded products	774,538	806,590	32,052
	\$ 5,348,089	\$ 5,467,578	\$ 119,489

The composition of investment return includes the following for the year ended June 30, 2024:

Interest and dividend earnings	\$ 100,169
Account expenses	(7,216)
Net realized gain (loss) on investments	62,980
Net unrealized gain (loss) on investments	215,521
	\$ 371,454

Hibiscus and the Foundation maintains investment balances at a brokerage institution insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including a maximum \$250,000 for cash claims. SIPC protection would be triggered only in the event of the financial failure and liquidation of a participating securities affiliate and if their securities were not returned. This protection does not cover investment losses in customer accounts due to market fluctuation or other claims for losses incurred. Investments of \$2,307,889 as of June 30, 2024, consist of mutual funds and exchange traded products which are subject to market risk of fluctuations in value.

## Hibiscus Children's Center, Inc. and Affiliate

Notes to Financial Statements (continued)

### Note 7 – Fair Value Measurements

ASC topic 820, “Fair Value Measurements and Disclosures”, 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. ASC Topic 820 establishes and prioritizes three levels of inputs that may be used to measure fair value.

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

Level 2 Measurements – 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 Measurements – Inputs that are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability.

Fair values of assets measured on a recurring basis as of June 30, 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)
Cash and cash equivalents	\$ 3,159,689	\$ 3,159,689	\$ -	\$ -
Mutual funds	1,501,299	1,501,299	-	-
Exchange traded products	806,590	806,590	-	-
	\$ 5,467,578	\$ 5,467,578	\$ -	\$ -

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

- Cash and cash equivalents, accounts receivable, contributions receivable, accounts payable, and accrued liabilities: 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 recurring basis.
- Investments: The fair value of current and other investments is based on quoted market prices for those investments where available.

The Board of Directors reviews and approves the fair value measurement policies and procedures annually. At least annually, the finance committee and the Board of Directors determine if the valuation techniques used in fair value measurements are still appropriate.

**Hibiscus Children's Center, Inc. and Affiliate**

Notes to Financial Statements (continued)

**Note 8 – Property and Equipment**

Property and equipment consist of the following as of June 30, 2024:

Building and improvements	\$ 5,316,566
Furniture and equipment	883,167
Land and improvements	415,760
Vehicles and improvements	416,037
Data processing equipment	215,304
Construction in process	158,628
	7,405,462
Accumulated depreciation	(3,063,665)
	\$ 4,341,797

**Note 9 – Line of Credit**

Hibiscus maintained a line of credit with The Northern Trust Company in an amount not to exceed \$600,000 with interest at the Lenders Prime Rate less 0.5%. The line of credit matured on December 22, 2023. The line of credit was not renewed.

**Note 10 – Retirement Plans**

Hibiscus sponsors a 401(k) plan that covers all employees who have completed their initial 90-day probationary period. Employees deferring compensation into the plan receive up to a 100 percent match on their first 3% contribution, which is optional at the discretion of the Board of Directors. For the year ended June 30, 2024, the amount of retirement plan expense was \$145,046.

Hibiscus also had a 457(b) plan which covered only the CEO. The Board of Directors had approved deferred compensation of \$20,000 per year, accrued upon completion of each year, or five years under the CEO's contract. These funds vested and become payable solely and in its entirety at the end of the five-year period, June 1, 2023. The plan was terminated and paid to the CEO on July 15, 2023.

**Note 11 – Lease Commitments**

Hibiscus rents office space and various equipment. Rent expense was approximately \$186,000 for the year ended June 30, 2024.

Hibiscus has committed to various long-term building and equipment leases with terms expiring through 2026. Future minimum rental payments under these agreements are as follows:

June 30, 2025	\$ 69,534
June 30, 2026	12,465
	\$ 81,999

**Hibiscus Children's Center, Inc. and Affiliate**

Notes to Financial Statements (continued)

**Note 12 – Net Assets – With Donor Restrictions**

Donor restricted net assets consist of the following purposes as of June 30, 2024:

<hr/>	
Subject to expenditure for specified purpose:	
Shelter parking lot	\$ 54,180
<hr/>	
	54,180
<hr/>	
Subject to spending policy and appropriation:	
Investment in perpetuity:	
Donor restricted endowment	118,392
Donor restricted	27,090
<hr/>	
	145,482
<hr/>	
Subject to appropriation and expenditure when a specified event occurs:	
Net investment earnings on investment in perpetuity	55,503
<hr/>	
Total net assets with donor restrictions	\$ 255,165
<hr/> <hr/>	

Releases from donor restricted net assets for the year ended June 30, 2024:

Releases from restrictions:	
Subject to expenditure for specified purpose:	
Shelter parking lot	\$ 21,377
Shelter electric	7,750
<hr/>	
	\$ 29,127
<hr/> <hr/>	

**Note 13 – Board Designated Net Assets**

The board designated net assets for the year ended June 30, 2024, are comprised of the following:

<hr/>	
Without donor restrictions:	
Designated by the Board for:	
Quasi-endowment	\$4,344,002
<hr/> <hr/>	

## **Hibiscus Children's Center, Inc. and Affiliate**

Notes to Financial Statements (continued)

### **Note 14 –Endowment**

Hibiscus and the Foundation have classified a substantial portion of its financial resources as endowment, which is invested to generate income to be used to support operating and strategic initiatives. The endowment includes both donor-restricted endowment funds which are classified and reported based on the existence or absence of donor-imposed restrictions and funds designated by the Board of Directors to function as an endowment. Funds are invested for long-term appreciation and current income.

#### **Interpretation of Relevant Law**

Hibiscus and the Foundation are subject to the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) and, thus classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument, when applicable.

In accordance with FUPMIFA, the Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of Hibiscus and Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Hibiscus and the Foundation
- The investment policies of Hibiscus and the Foundation

#### **Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor, FUPMIFA, or policies requires to retain as a fund of perpetual duration. If this were to occur, Hibiscus or the Foundation would not expend any monies from the fund until the fair market value of the fund returns to a level above the principal. Hibiscus and the Foundation do not have any deficiencies as of June 30, 2024.

**Hibiscus Children's Center, Inc. and Affiliate**

Notes to Financial Statements (continued)

**Note 14 – Endowment** (continued)**Return Objectives and Risk Parameters**

Hibiscus and the Foundation have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for operations supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results that meet or exceed certain relevant market benchmark indexes while assuming a moderate level of investment risk.

**Strategies Employed for Achieving Objectives**

Hibiscus and the Foundation rely on a total return strategy in which returns are achieved through capital appreciation and current yield (interest and dividends). Hibiscus and the Foundation targets a diversified asset allocation that emphasizes a balance between equities and fixed income securities to achieve its long-term objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The spending policy, as authorized by the Board of Directors, is to consider expected rates of return on investments, restrictions on principal, requirements to support operations and special projects, maintenance of prudent reserves, tax code requirements, and allowances for market and economic uncertainties, as applicable. Transfers to operating accounts from the endowment funds earnings require appropriation by the Board of Directors or Executive Committee.

The net assets with donor restrictions as of June 30, 2024, consist of contributed assets restricted by the donors as endowments to provide an ongoing source of revenue for Hibiscus and the Foundation. Endowment net asset composition by type of fund as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds:			
Original donor restricted gift amount and amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 118,392	\$ 118,392
Accumulated investment gains	-	55,503	55,503
Board restricted endowment funds	4,344,002	-	4,344,002
Total endowment funds	\$4,344,002	\$ 173,895	\$4,517,897

As of June 30, 2024, the endowment fund is comprised of:

Cash and cash equivalents	\$2,372,005
Mutual funds	1,407,777
Exchange traded products	738,115
Total endowment funds	\$4,517,897

**Hibiscus Children’s Center, Inc. and Affiliate**

Notes to Financial Statements (continued)

**Note 14 – Endowment** (continued)

Changes in endowment net assets for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$3,514,506	\$ 158,277	\$3,672,783
Investment return, net	287,560	15,618	303,178
Amount appropriated for expenditure	(493,064)	-	(493,064)
Transfers	1,035,000	-	1,035,000
Endowment net assets, end of year	\$4,344,002	\$ 173,895	\$4,517,897

**Note 15 – Liquidity and Availability of Resources**

The financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 961,148
Accounts receivable, net	759,257
Contributions receivable, net	42,000
Prepays and other assets	131,162
	\$ 1,893,567

The financial assets have been reduced by amounts not available for general use because of donor imposed restrictions, not available within one year of the statement of financial position date, and amounts set aside for long-term investing in endowments.

The endowment funds consist of donor-restricted endowments and a quasi-endowment fund. Income from the donor-restricted endowments is restricted until appropriated for specific purposes and, therefore, is not available for general expenditure.

As part of liquidity management, the investment policy has been structured so its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, although there is not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary.

**Hibiscus Children's Center, Inc. and Affiliate**

Notes to Financial Statements (continued)

**Note 16 – Medicaid Income**

The following table illustrates net patient service income from Medicaid by geographic market for the fiscal year ended June 30, 2024:

Fort Pierce	\$ 411,073
Okeechobee	129,567
Jensen Beach	183,765
Vero Beach	314,353
	\$ 1,038,758

**Note 17 – Support from Children's Services Councils**

Hibiscus entered into various agreements during the year ended June 30, 2023, with The Children's Services Councils of St. Lucie County, Okeechobee County, and Martin County to receive local matching financial assistance necessary to qualify for federal and state grants. The following represents the revenues and expenditures associated with each program and the funding agency:

	Clinical	Families in Crisis	Safe Care	Total
St. Lucie County	\$ -	\$ 317,801	\$ 174,526	\$ 492,327
Okeechobee County	18,963	-	-	18,963
Martin County	31,453	-	-	31,453
	50,416	317,801	174,526	542,743
Program expenditures	(1,776,547)	(376,353)	(311,345)	(2,152,900)
Excess from other sources	\$ (1,726,131)	\$ (58,552)	\$ (136,819)	\$ (1,610,157)

**Note 18 – Disclosure of Subsequent Events**

Management has evaluated subsequent events through January 15, 2025 the date 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.

**SUPPLEMENTARY INFORMATION**

**Hibiscus Children's Center, Inc. and Affiliate**  
Combining Schedule of Financial Position  
June 30, 2024

	Hibiscus Children's Center, Inc.	Hibiscus Children's Center Foundation, Inc.	Total
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 337,730	\$ 623,418	\$ 961,148
Accounts receivable, net	759,257	-	759,257
Contributions receivable, net	10,000	32,000	42,000
Prepays and other assets	131,162	-	131,162
<b>Total current assets</b>	<b>1,238,149</b>	<b>655,418</b>	<b>1,893,567</b>
<b>Other assets:</b>			
Cash held as agent	-	6,186	6,186
Investments	-	949,681	949,681
Endowment investments	-	4,517,897	4,517,897
Contributions receivable, net	14,956	32,000	46,956
Deposits	14,278	-	14,278
<b>Total other assets</b>	<b>29,234</b>	<b>5,505,764</b>	<b>5,534,998</b>
<b>Property and equipment, net</b>	<b>4,341,797</b>	<b>-</b>	<b>4,341,797</b>
<b>Total assets</b>	<b>\$ 5,609,180</b>	<b>\$ 6,161,182</b>	<b>\$ 11,770,362</b>
<b>Liabilities and Net Assets</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 174,540	\$ -	\$ 174,540
Accrued payroll and related liabilities	507,861	-	507,861
Deferred revenue	14,500	-	14,500
Assets held for others	-	6,186	6,186
<b>Total current liabilities</b>	<b>696,901</b>	<b>6,186</b>	<b>703,087</b>
<b>Net assets:</b>			
Without donor restrictions	4,831,009	5,981,101	10,812,110
With donor restrictions	81,270	173,895	255,165
<b>Total net assets</b>	<b>4,912,279</b>	<b>6,154,996</b>	<b>11,067,275</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,609,180</b>	<b>\$ 6,161,182</b>	<b>\$ 11,770,362</b>

See accompanying notes to financial statements.

**Hibiscus Children's Center, Inc. and Affiliate**  
Combining Schedule of Activities and Changes in Net Assets  
For the year ended June 30, 2024

	Hibiscus Children's Center, Inc.	Hibiscus Children's Center Foundation, Inc.	Total
<b>Operating activities:</b>			
Grants and contracts for operations	\$5,116,692	\$ -	\$ 5,116,692
Program service revenues	1,062,508	-	1,062,508
Contributions	1,292,852	848,994	2,141,846
Thrift store	444,240	-	444,240
Special events (integral and ongoing):			
Special event contributions	687,729	58,000	745,729
Special event income	193,908	-	193,908
Cost of direct benefits to donors	(157,818)	-	(157,818)
<b>Net revenue from special events</b>	<b>723,819</b>	<b>58,000</b>	<b>781,819</b>
<b>Total revenue and support</b>	<b>8,640,111</b>	<b>906,994</b>	<b>9,547,105</b>
<b>Expenses:</b>			
Program activities:			
Residential	4,605,534	-	4,605,534
Clinical	1,776,547	-	1,776,547
Support for families in crisis	376,353	-	376,353
Safe care	311,345	-	311,345
<b>Total program activities</b>	<b>7,069,779</b>	<b>-</b>	<b>7,069,779</b>
Thrift store	360,577	-	360,577
Fundraising	534,228	-	534,228
General and administrative	1,232,387	-	1,232,387
<b>Total program and supporting activities</b>	<b>9,196,971</b>	<b>-</b>	<b>9,196,971</b>
<b>Change in net assets from operating activities</b>	<b>(556,860)</b>	<b>906,994</b>	<b>350,134</b>
<b>Non-operating activities:</b>			
Investment return, net	13	371,441	371,454
Gain on sale of assets	51,195	-	51,195
<b>Change in net assets from non-operating activities</b>	<b>51,208</b>	<b>371,441</b>	<b>422,649</b>
<b>Change in net assets before transfers</b>	<b>(505,652)</b>	<b>1,278,435</b>	<b>772,783</b>
Transfer from Foundation to Center	312,478	(312,478)	-
<b>Change in net assets</b>	<b>(193,174)</b>	<b>965,957</b>	<b>772,783</b>
<b>Net assets, beginning of year</b>	<b>5,105,453</b>	<b>5,189,039</b>	<b>10,294,492</b>
<b>Net assets, end of year</b>	<b>\$4,912,279</b>	<b>\$ 6,154,996</b>	<b>\$ 11,067,275</b>

See accompanying notes to financial statements.

**Hibiscus Children's Center, Inc. and Affiliate**  
Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2024

Federal Grantor/Pass-through Grantor/ Program Title	CFDA Number	Grant Contract Number	Expenditures
<b>United States Department of Health and Human Services</b>			
Pass Through from Community Based Care:			
Foster care - Title IV-E	93.658	CCK23-301 & 302	\$ 299,279
Foster care - Title IV-E	93.658	SAS11	4,054
Foster care - Title IV-E	93.658	NA	240,619
<b>Total Foster care - Title IV-E</b>			<b>543,952</b>
Social Services Block Grant	93.667	NA	534
Promoting Safe and Stable Families	93.556	CCK 23-301	289,200
Promoting Safe and Stable Families	93.556	CCK 23-109	108,120
Promoting Safe and Stable Families	93.556	NA	147,380
<b>Total Promoting Safe and Stable Families</b>			<b>544,700</b>
Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	HIB-1-FY2023	210,121
<b>Total United States Department of Health and Human Services</b>			<b>1,299,307</b>
<b>United States Department of Justice</b>			
Pass-through from Office of Attorney General			
Victim of Crimes Act	16.575	VOCA 2022-948	52,973
Victim of Crimes Act	16.575	VOCA 2023-0019	102,663
<b>Total United States Department of Justice</b>			<b>155,636</b>
<b>Total Federal Expenditures</b>			<b>\$ 1,454,943</b>

See accompanying notes to schedule of expenditures of Federal awards and State financial assistance.

**Hibiscus Children's Center, Inc. and Affiliate**  
 Schedule of Expenditures of State Financial Assistance  
 For the year ended June 30, 2024

State Grantor/Pass-through Grantor/ Program Title	CSFA Number	Grant Contract Number	Expenditures
<b>State Department of Children and Family Services</b>			
Pass Through from Community Based Care:			
Out-of-Home Supports	60.074	GJ513	\$ 33,228
Out-of-Home Supports	60.074	CCK24-301 & 302	1,537,315
Out-of-Home Supports	60.074	SAS11	100,388
Out-of-Home Supports	60.074	GJ401	17,644
Out-of-Home Supports	60.074	NA	559,927
<b>Total Out-of-Home Supports</b>			<b>2,248,502</b>
Purchase of Therapeutic Services for Children	60.183	SAS11	2,031
<b>Total State Department of Children and Family Services</b>			<b>2,250,533</b>
<b>State Department of Health</b>			
Medical Services for Abused and Neglected Children	64.006	CP1SL	154,268
<b>Total State Department of Health</b>			<b>154,268</b>
<b>Total State Expenditures</b>			<b>\$2,404,801</b>

See accompanying notes to schedule of expenditures of Federal awards and State financial assistance.

**Hibiscus Children’s Center, Inc. and Affiliate**

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance  
For the year ended June 30, 2024

**Note A – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Financial Assistance (the schedules) includes the federal grant and state award activity of Hibiscus Children’s Center, Inc. (Hibiscus) 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, Audits of States, Local Governments, and Non-Profit Organizations*, Chapter 10.650, and *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

For purposes of the Schedules, federal awards and state financial assistance include all grants, contracts, and similar agreements entered into directly with the federal or state government and other pass-through entities. Hibiscus has obtained Catalog of Federal Domestic assistance (CFDA) numbers and Catalog of State Financial Assistance (CSFA) numbers to ensure that all programs have been identified in the schedules.

**Note B – Basis of Accounting**

The Schedules were prepared on the accrual basis of accounting.

**Note C – 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 Hibiscus for the return of those funds.

**Note D – Indirect Cost Rate**

Hibiscus has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note E – Subrecipients**

Hibiscus has not provided any funds to subrecipients.

**Note F – Other Disclosures**

The accompanying Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Financial Assistance includes federal and state expenditures awarded by more than one pass-through agency or under more than one contract.

**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 Boards of Directors of  
Hibiscus Children's Center, Inc. and Affiliate

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 Hibiscus Children's Center, Inc. and Affiliate, which comprise the combined statement of financial position as of June 30, 2024, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 15, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hibiscus Children's Center, Inc. and Affiliate's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hibiscus Children's Center, Inc. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of Hibiscus Children's Center, Inc. and Affiliate'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. We did not identify any deficiency in internal control we consider to be a material weakness. *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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. We identified certain deficiencies in internal control described in the accompany schedule of findings and questioned costs as item 2024-001 that we considered to be significant deficiencies.

To the Boards of Directors of  
Hibiscus Children’s Center, Inc. and Affiliate

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hibiscus Children’s Center, Inc. and Affiliate’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as item 2024-001.

**Hibiscus Children’s Center, Inc. and Affiliate’s Response to Findings**

*Government Auditing Standards* require the auditor to perform limited procedures on Hibiscus Children’s Center, Inc. and Affiliate’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs as items 2024-001.

**Purpose of this Report**

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

*Nuttall, Howes and Associates, CPAs*

Nuttall, Howes & Associates, CPAs  
January 15, 2025



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

To the Boards of Directors of  
Hibiscus Children's Center, Inc. and Affiliate

**Report on Compliance for Each Major Federal Program and Major State Project**

***Opinion on Each Major Federal Program and Major State Project***

We have audited Hibiscus Children's Center, Inc. and Affiliate's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of Hibiscus Children's Center, Inc. and Affiliate's major federal programs and the major state projects for the year ended June 30, 2024. Hibiscus Children's Center, Inc. and Affiliate's major federal programs and the major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hibiscus Children's Center, Inc. and Affiliate 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 other major federal programs and the major state projects identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program and Major 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 the audit requirements of Chapter 10.650, *Rules of the Auditor General*. Our responsibilities under those standards, the Uniform Guidance, and the Rules of the Auditor General are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hibiscus Children's Center, Inc. and Affiliate 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 each major state project. Our audit does not provide a legal determination of Hibiscus Children's Center, Inc. and Affiliate'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 Hibiscus Children's Center, Inc. and Affiliate's federal programs and state projects.

To the Board of Directors of  
Hibiscus Children’s Center, Inc. and Affiliate

***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 Hibiscus Children’s Center, Inc. and Affiliate’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 the 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 Hibiscus Children’s Center, Inc. and Affiliate’s compliance with the requirements of each major federal program and the major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the 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 Hibiscus Children’s Center, Inc. and Affiliate’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 Hibiscus Children’s Center, Inc. and Affiliate’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 the Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of Hibiscus Children’s Center, Inc. and Affiliate’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.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance, the Rules of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as items 2024-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Hibiscus Children’s Center, Inc. and Affiliate’s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Hibiscus Children’s Center, Inc. and Affiliate’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



To the Board of Directors of  
Hibiscus Children's Center, Inc. and Affiliate

### **Report on Internal Control over Compliance**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitation, during the audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined below. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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 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 will not be prevented, or detected and corrected, on a timely basis. During the audit we did not identify any deficiencies in internal control over compliance that we consider to be material weakness.

*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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be significant deficiencies.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Hibiscus Children's Center, Inc. and Affiliate's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Hibiscus Children's Center, Inc. and Affiliate's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Nuttall, Howes and Associates, CPAs*

Nuttall, Howes & Associates, CPAs  
January 15, 2025



**Hibiscus Children's Center, Inc. and Affiliate  
Schedule of Findings and Questioned Costs  
Federal Awards Programs and State Projects  
Year Ended June 30, 2024**

**A. Summary of Audit Results**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified?                           yes                      X   no
- Significant Deficiency(s)                                       yes                      X   no

Noncompliance material to financial statements noted?                           yes                      X   no

Federal Awards and State Projects

Internal control over major Federal programs or State Projects:

- Material weakness(es) identified?                           yes                      X   no
- Significant Deficiency(s) identified                      X   yes                           no

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.656, Rules of the Auditor General?                           yes                      X   no

Type of auditors' report issued on compliance for major Federal Programs or State Projects:

<u>Federal Program</u>	<u>Federal CFDA No.</u>	<u>Type of Opinion</u>
United States Department of Health and Human Services – Foster Care – Title IV-E	93.658	Unmodified
United States Department of Health and Human Services – Social Service Block Grant	93.667	Unmodified
United States Department of Health and Human Services – Promoting Safe and Stable Families	93.556	Unmodified

<u>State Project</u>	<u>State CFSA No.</u>	<u>Type of Opinion</u>
State Department of Children and Family Services – Out-of-Home Supports	60.074	Unmodified

The threshold for distinguishing Type A and B programs was \$750,000 for major federal award programs.

The threshold for distinguishing Type A and B programs was \$750,000 for major State projects programs.

Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?

yes                       no

**Hibiscus Children's Center, Inc. and Affiliate  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024**

**A. Financial Statement Audit Findings**

There were no financial statement audit findings.

**B. Major Federal Program Findings and Questioned Costs**

**2024-001 *Failure to Properly Complete Required Training – Significant Deficiency***

*Federal Program – Foster Care – Title IV-E CFDA 93.658*

*Pass-through Entity – Community Based Care*

*Federal Agency – United States Department of Health and Human Services*

**Criteria:** 2 CFR 200.303 states a non-Federal entity must establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

**Condition:** During our audit, auditors tested 25 employees for completion certificate of required training as a condition of the grants. Three of the required annual training were significantly non-compliant.

- The Annual HIPPA Training 23 of the 25 (92%) of employees did not properly complete the training.
- The Annual Security Awareness Training 4 of the 25 (16%) of employees did not properly complete the training.
- The Annual Service Delivery for Deaf and Hard of Hearing Training 15 of the 25 (60%) of employees did not properly complete the training.

**Questioned Costs:** No questioned costs were noted.

**Cause:** The cause of this condition appears to be a lack of oversight in monitoring training completion records and insufficient internal controls over training compliance.

**Effect:** Failure to properly complete required training increases the risk of noncompliance with federal program requirements, potentially leading to disallowed costs, penalties, or other adverse consequences.

**Hibiscus Children’s Center, Inc. and Affiliate  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024**

**Recommendation:** We recommend that management, enhance internal controls over training compliance by implementing more effective tracking and monitoring system and assign responsibility for ensuring timely completion of required training to a specific individual or department.

Additionally, we recommend Hibiscus consider implementing a rolling-year training schedule rather than an annual hire-date renewal process. This approach can streamline tracking, reduce administrative burdens, and ensure consistent compliance by aligning training requirements with a standard cycle applicable to all employees.

**Management Response:** Staff at Hibiscus Children's Center are required to complete training curriculums on an annual basis. All Full-Time staff that work directly with children, supervisors and directors must complete a minimum of 40 hours of training annually. All Part-Time staff that work directly with children must complete a minimum of 20 hours of training annually. Program Directors and Supervisors are responsible to monitor their staff to ensure that they successfully complete their annual training requirements.

The Program Directors will compile information for each of their staff that identifies the required training, and the dates that they successfully completed each training session. The Program Directors will be responsible for collecting the training certificates and submitting them to Human Resources so they can be placed in the individual personnel files.

To better manage the completion and tracking of the required trainings, staff will be required to complete their designated training requirements during the period of July 1 to December 31st. This will allow for the trainings to be logged in time for our annual re-licensing and audits. If the staff do not meet the required training hours, and/or do not meet the required time frame, the Program Directors will take necessary action to ensure compliance and appropriate disciplinary measures.

**Hibiscus Children's Center, Inc. and Affiliate  
Summary Schedule of Prior Audit Findings  
Year ended June 30, 2023**

**Prior Audit Findings - Financial Statements Audit:**

There were no prior audit findings.

**Prior Audit Findings - Major Federal Program Findings and Questioned Costs**

There were no prior audit findings or questioned costs.