

SPACE COAST HEALTH FOUNDATION, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the years ended September 30, 2024 and 2023

and

Independent Auditor's Report

SPACE COAST HEALTH FOUNDATION, INC.

BOARD OF DIRECTORS

OFFICERS

Linda Dale	Chair
Dr. Jane Benton	Secretary
Adam Bird	Treasurer

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Christine Moore	Patrice Pilate

PRESIDENT / CEO

Johnette Gindling

SPACE COAST HEALTH FOUNDATION, INC.

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

Shareholders
Todd M. Russell
Shawn M. Yount

Directors Emeritus/Directors
Stephen A. Ellis
Donna L. Young

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Space Coast Health Foundation, Inc.
Rockledge, Florida

Opinion

We have audited the accompanying financial statements of Space Coast Health Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of September 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 referred to above present fairly, in all material respects, the financial position of the Foundation as of September 30, 2024 and 2023, and the results of its activities, functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 misstatements 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 the Foundation'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 the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 24, 2025, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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 the Foundation's internal control over financial reporting and compliance.



Davies, Houser & Secret, CPA, P.A.
Cocoa, Florida
March 24, 2025

FINANCIAL STATEMENTS

SPACE COAST HEALTH FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2024 and 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 648,533	\$ 618,316
Short-term investments	39,823	38,287
Assets limited as to use for note payable	6,266,795	5,351,449
Contracts receivable	251,157	344,638
Accounts receivable, net of allowance for doubtful accounts of \$16,000 in 2024, and \$16,000 in 2023	2,244	398,509
Prepaid expenses	<u>101,288</u>	<u>295,508</u>
Total current assets	<u>7,309,840</u>	<u>7,046,707</u>
Property, equipment, building and software, net of depreciation and amortization (Note 14)	<u>5,185,022</u>	<u>5,370,587</u>
Other assets:		
Investments	<u>53,385,718</u>	<u>44,999,675</u>
Total assets	<u>\$ 65,880,580</u>	<u>\$ 57,416,969</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 482,292	\$ 352,913
Accrued payroll and benefits	369,324	360,001
Deferred revenue	167,756	17,146
Other current liabilities (Note 6)	<u>752,126</u>	<u>852,195</u>
Total current liabilities	1,771,498	1,582,255
Long-term liabilities:		
Note payable (Note 7)	<u>714,286</u>	<u>1,428,571</u>
Total liabilities	<u>2,485,784</u>	<u>3,010,826</u>
Net assets:		
Without donor restrictions	63,032,639	54,019,141
With donor restrictions	<u>362,157</u>	<u>387,002</u>
Total net assets	<u>63,394,796</u>	<u>54,406,143</u>
Total liabilities and net assets	<u>\$ 65,880,580</u>	<u>\$ 57,416,969</u>

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

SPACE COAST HEALTH FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
For the years ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Change in net assets without donor restrictions:		
Unrestricted revenues and other support:		
Program service revenue, net of contractual adjustments (Note 13)	\$ 1,910,292	\$ 2,120,608
Grant and donation revenue	2,106,942	1,861,710
Investment income (loss) (Note 4)	1,623,091	(2,086,156)
Rental and other revenue	189,440	167,335
Assets released from restrictions (Note 15)	<u>36,754</u>	<u>0</u>
Total unrestricted revenues and other support	<u>5,866,519</u>	<u>2,063,497</u>
Expenses:		
Salaries and benefits	4,437,506	4,387,490
Other direct expenses	2,129,249	2,826,395
General and administrative	<u>265,242</u>	<u>234,654</u>
Total expenses	<u>6,831,997</u>	<u>7,448,539</u>
Excess (deficiency) of revenues and other support over expenses	(965,478)	(5,385,042)
Other gains (losses):		
Hospital wind-down net income (Note 11)	102,790	306,746
Gain (loss) on disposal of software	<u>(32,131)</u>	<u>0</u>
Total other gains (losses)	70,659	306,746
Excess (deficiency) of revenues, gains, and other support over expenses and losses	(894,819)	(5,078,296)
Change in net unrealized gains (losses) on other than trading securities	<u>9,908,317</u>	<u>8,091,932</u>
Increase (decrease) in net assets without donor restrictions	<u>9,013,498</u>	<u>3,013,636</u>
Change in net assets with donor restrictions (Note 15):		
Contributions	0	97,065
Investment income (loss)	1,676	(1,987)
Unrealized gains (losses)	10,233	7,709
Assets released from restrictions	<u>(36,754)</u>	<u>0</u>
Increase (decrease) in net assets with donor restrictions	<u>(24,845)</u>	<u>102,787</u>
Change in net assets	8,988,653	3,116,423
Net assets, beginning of the year	<u>54,406,143</u>	<u>51,289,720</u>
Net assets, end of the year	<u>\$ 63,394,796</u>	<u>\$ 54,406,143</u>

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

SPACE COAST HEALTH FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended September 30, 2024 and 2023

	2024					
	Child Protection Team	Child Advocacy Center of Brevard	Lifetime Counseling Center	Foundation and Other	General and Administrative	Total
Salaries	\$ 793,564	\$ 477,306	\$ 1,797,100	\$ 474,399	\$ 210,753	\$ 3,753,122
Employee benefits	189,062	103,778	494,915	107,382	47,704	942,841
Total salaries and benefits	982,626	581,084	2,292,015	581,781	258,457	4,695,963
Other direct expenses:						
Legal and accounting	4,730	421	1,966	18,960	0	26,077
Insurance	16,987	14,706	9,829	87,441	0	128,963
Professional fees	48,505	9,614	77,842	366,644	0	502,605
Pension costs	0	0	0	11,800	0	11,800
Grant expense	0	0	0	234,628	0	234,628
Bad debt	0	0	17,562	0	0	17,562
Depreciation and amortization	0	0	0	153,436	0	153,436
Supplies, services and other expenses	89,475	193,682	404,322	366,699	6,785	1,060,963
Total other direct expenses	159,697	218,423	511,521	1,239,608	6,785	2,136,034
Total direct expenses	1,142,323	799,507	2,803,536	1,821,389	265,242	6,831,997
General and administrative	46,141	32,293	112,763	74,045	(265,242)	0
Total expenses	\$ 1,188,464	\$ 831,800	\$ 2,916,299	\$ 1,895,434	\$ 0	\$ 6,831,997

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

2023

	Child Protection Team	Child Advocacy Center of Brevard	Lifetime Counseling Center	Foundation and Other	General and Administrative	Total
Salaries	\$ 684,704	\$ 412,244	\$ 1,946,565	\$ 411,106	\$ 182,635	\$ 3,637,254
Employee benefits	174,144	96,758	558,392	103,577	46,015	978,886
Total salaries and benefits	858,848	509,002	2,504,957	514,683	228,650	4,616,140
Other direct expenses:						
Legal and accounting	1,684	0	0	14,996	0	16,680
Insurance	11,924	10,522	9,779	66,134	0	98,359
Professional fees	42,596	24,567	93,635	341,501	0	502,299
Pension costs	0	0	0	16,331	0	16,331
Grant expense	0	0	0	832,686	0	832,686
Bad debt	0	0	9,232	0	0	9,232
Depreciation and amortization	0	0	0	320,122	0	320,122
Supplies, services and other expenses	61,264	140,355	472,579	356,488	6,004	1,036,690
Total other direct expenses	117,468	175,444	585,225	1,948,258	6,004	2,832,399
Total direct expenses	976,316	684,446	3,090,182	2,462,941	234,654	7,448,539
General and administrative	31,758	22,264	100,846	79,786	(234,654)	0
Total expenses	\$ 1,008,074	\$ 706,710	\$ 3,191,028	\$ 2,542,727	\$ 0	\$ 7,448,539

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

SPACE COAST HEALTH FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
For the years ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 8,988,653	\$ 3,116,423
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	153,436	320,122
Net realized and unrealized (gains) losses on investments - other than trading	(10,079,255)	(4,638,847)
Gain (loss) on disposal of software	32,131	0
(Increase) decrease in operating assets:		
Change in contracts receivable	93,481	(184,991)
Change in net accounts receivable	396,265	(149,796)
Change in prepaid expenses	194,220	(143,888)
Increase (decrease) in operating liabilities:		
Change in accounts payable	129,379	128,823
Change in accrued payroll and benefits	9,323	38,617
Change in deferred revenue	150,610	(91)
Change in other current liabilities	(100,069)	(349,890)
Net cash provided by (used in) operating activities	<u>(31,826)</u>	<u>(1,863,518)</u>
Cash flows from investing activities:		
Purchase of investments	(6,217,174)	(3,023,743)
Sale of investments	6,993,502	4,211,021
Net cash provided by (used in) investing activities	<u>776,328</u>	<u>1,187,278</u>
Cash flows from financing activities:		
Increase (decrease) in note payable	(714,285)	(714,286)
Net cash provided by (used in) financing activities	<u>(714,285)</u>	<u>(714,286)</u>
Net increase (decrease) in cash and cash equivalents	30,217	(1,390,526)
Cash and cash equivalents, beginning of year	<u>618,316</u>	<u>2,008,842</u>
Cash and cash equivalents, end of year	<u>\$ 648,533</u>	<u>\$ 618,316</u>
Cash paid for interest	<u>\$ 111,201</u>	<u>\$ 115,792</u>

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

SPACE COAST HEALTH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the years ended September 30, 2024 and 2023

NOTE 1 - REPORTING ENTITY AND RELATED ORGANIZATIONS

Reporting Entity - Space Coast Health Foundation, Inc. (the Foundation) is a Florida not-for-profit corporation qualifying as a charitable organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation was formerly known as Wuesthoff Health System, Inc. and Affiliates (Wuesthoff). On October 1, 2010, Wuesthoff sold substantially all of its assets to Brevard HMA Holdings, LLC, and its affiliates (Brevard HMA). The proceeds of the sale, as well as cash, receivables, and investments held by Wuesthoff, along with the assets of Wuesthoff Health System Foundation, Inc. (WHS Foundation), were combined and became the assets of the Foundation. The administration of Wuesthoff's pension plan was also assumed by the Foundation, which was liquidated during fiscal year September 30, 2019. The Foundation's assets are being used to benefit the local community's health needs, as determined by the Foundation's Board of Directors.

Prior to the October 1, 2010 sale, Wuesthoff was a community-based healthcare system in Brevard County, Florida. Its principal activities included the operation of two general acute care hospitals. It also controlled various entities providing healthcare services in the primary service area of Brevard County, Florida.

During the year ended September 30, 2011, the Foundation and Brevard HMA agreed that the Child Protection Team and the Children's Advocacy Center of Brevard (CAC) programs were more suited to be run by the non-profit Foundation. Consequently, the assets, liabilities, and the activities of these two programs were transferred back to the Foundation.

In October 2017, the Foundation completed an asset purchase and began operation of a counseling center under the name of Lifetime Counseling Center (LCC). The counseling center provided mental health and substance abuse counseling services in two Brevard County, Florida locations, Cocoa and Melbourne, during the years ended September 30, 2024 and 2023. LCC also works alongside Brevard County schools in order to provide counseling services to students while on campus.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting and are prepared in conformity with the disclosure and display requirements set forth in the "Not-for-Profit Entities" topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Accordingly, the net assets of the Foundation are reported in either of the following classes: net assets without donor restrictions or net assets with donor restrictions. The nature of the classification results from the presence or absence of donor-imposed restrictions. The Foundation has elected to report donor-restricted contributions, whose restrictions are met in the same reporting period, as net assets without donor restrictions.

Revenue and Support Recognition - Federal, state, and local contracts are considered exchange transactions and are recognized as earned. Funds advanced from these contracts to the Foundation prior to being earned are considered deferred revenue. Public support received by the Foundation is considered available without restricted use, unless specifically restricted by the donor.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Program Service Revenue - Net program service revenue is reported at estimated net realizable amounts from patients, third-party payers and others, for services rendered, including estimated contractual adjustments under agreements with third-party payers. Contractual adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Contractual adjustments are included in net program service revenue for the years ended September 30, 2024 and 2023, (Note 13).

Allowance for Doubtful Accounts - Management determines an allowance for doubtful accounts based on age-weighted collection percentages, historical collection experience, and source of payment for services rendered (i.e., private-pay patients, Medicaid, and other third-party payers).

Contributions - The Foundation reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor restrictions 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), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as assets released from restrictions. Assets donated with stipulations that they be invested to provide a permanent source of income are reported as donor restricted. Net assets with donor restrictions are restricted for a variety of purposes. Net assets designated for particular use by the Foundation's Board of Directors are reported as without donor restrictions.

Investments and Investment Income - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position at September 30, 2024 and 2023. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess (deficiency) of revenues, gains, and other support over expenses and losses, unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess (deficiency) of revenues, gains, and other support over expenses, unless the investments are trading securities.

The reduction in carrying amount associated with a decline in market value of an investment below its cost that is determined to be other than temporary, is charged to excess of revenues, gains, and other support over expenses and losses, and a new cost basis for the security is established. To determine whether an impairment is other than temporary, the Foundation considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year end, and forecasted performance of the investee. No such write downs were recorded during the years ended September 30, 2024 and 2023.

Other Gains and Excess of Revenues, Gains, and Other Support over Expenses and Losses - Transactions deemed by the Foundation to be ongoing, major, or central to the organization's purpose of supporting the local community's health needs are reported as unrestricted revenues and other support and expenses. Peripheral or incidental transactions are reported as other gains and losses. Changes in net assets without donor restrictions, which are excluded from excess of revenues, gains, and other support over expenses and losses consistent with industry practice, include unrealized gains and losses on other-than-trading securities and contributions of long-lived assets (including assets acquired using contributions that, by donor restriction, were to be used for the purpose of acquiring such assets).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents - The Foundation considers all unrestricted, highly liquid investments with an original maturity of three months or less, except those classified as investments and investments limited as to use, to be cash equivalents.

Property and Equipment - The Foundation capitalizes all expenditures for equipment with a value in excess of \$5,000 and a useful life of greater than one year. Property and equipment purchased by the Foundation are recorded at cost, including capitalized interest, if purchased or constructed, and estimated fair market value, if donated. Depreciation and amortization are computed on the straight-line basis for all depreciable assets. Expected useful lives for various asset classes are as follows:

Buildings and improvements	10 - 40 years
Furniture and equipment	5 - 10 years
Other assets	3 - 10 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as without donor restricted support and are included in the excess of revenues, gains, and other support over expenses and losses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as donor restricted support. Absent explicit donor restrictions about how long these long-lived assets must be maintained; expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Donated Services and Facilities - Donated services and facilities are reflected as support in the accompanying statements at their estimated fair market values at the date of the receipt. Donated items are reported as net assets without donor restrictions support unless the donor has restricted the time or purpose for which the asset can be used.

Assets Limited as to Use - Assets limited as to use include assets restricted by donors and assets set aside by the Board of Directors to meet future projected reserve requirements. The assets set aside by the Board of Directors may, at its discretion, subsequently be used for other purposes.

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

Functional Expenses - Expenses are charged to each function based on direct expenditures incurred. All other expenditures or support costs not directly chargeable to a specific function, are allocated among programs and general and administrative activities based on staff time studies conducted by management.

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

NOTE 3 - LIQUIDITY MANAGEMENT

For the year ended September 30, 2024, the Foundation has \$7,309,840 of financial assets available within one year of the statement of financial position date to meet cash needs consisting of \$648,533 of cash and cash equivalents, \$6,306,618 of investments, \$253,401 of contracts and accounts receivables and prepaid items of \$101,288. Of the financial assets, \$362,157 are donor restricted and \$6,266,795 are subject to restricted use as collateral for the Foundation's note payable. Therefore, the amount of financial assets available for general expenditures within one year of the statements of financial position date is \$608,888.

For the year ended September 30, 2023, the Foundation has \$7,046,707 of financial assets available within one year of the statement of financial position date to meet cash needs consisting of \$618,316 of cash and cash equivalents, \$5,389,736 of investments, \$743,147 of contracts and accounts receivables and prepaid items of \$295,508. Of the financial assets, \$387,002 are donor restricted and \$5,351,449 are subject to restricted use as collateral for the Foundation's note payable. Therefore, the amount of financial assets available for general expenditures within one year of the statements of financial position date is \$1,308,256.

NOTE 4 - INVESTMENTS AND ASSETS LIMITED AS TO USE

The composition of investments and assets limited as to use at September 30, 2024 and 2023, is set forth in the following table:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Short-term investments:				
Certificates of deposit	\$ <u>39,823</u>	\$ <u>39,823</u>	\$ <u>38,287</u>	\$ <u>38,287</u>
	\$ <u>39,823</u>	\$ <u>39,823</u>	\$ <u>38,287</u>	\$ <u>38,287</u>
Investments and assets limited as to use for note payable:				
Cash and equivalents	\$ 2,181,672	\$ 2,181,672	\$ 2,274,668	\$ 2,274,668
Equity investments	36,660,394	42,057,078	37,609,042	34,333,220
Bond investments	13,764,462	14,580,168	13,005,793	12,739,026
Tangible assets	<u>938,628</u>	<u>833,595</u>	<u>1,132,903</u>	<u>1,004,210</u>
	\$ <u>53,545,156</u>	\$ <u>59,652,513</u>	\$ <u>54,022,406</u>	\$ <u>50,351,124</u>

NOTE 4 - INVESTMENTS AND ASSETS LIMITED AS TO USE (continued)

Investment income and gains from cash and cash equivalents, and assets limited as to use are included in investment income (loss) on the statements of activities and are comprised of the following:

	<u>2024</u>	<u>2023</u>
Income (loss):		
Interest and dividend income	\$ 1,464,062	\$ 1,372,651
Realized gains (losses) on sales of investments	<u>160,705</u>	<u>(3,460,794)</u>
	<u>\$ 1,624,767</u>	<u>\$ (2,088,143)</u>
Other changes in net assets:		
Net unrealized gains (losses) on other than trading securities	<u>\$ 9,918,550</u>	<u>\$ 8,099,641</u>

NOTE 5 - OPERATING LEASES

The Foundation signed a lease for its Cocoa location beginning October 2017, in the amount of \$7,089 per month, increasing approximately 3% every year through September 30, 2022. In fiscal year 2024 this lease was moved to month to month at a \$8,632 per month rate.

In August 2020, the Foundation entered into a three-year lease for its new West Melbourne location in the amount of approximately \$5,417 per month, increasing 3% annually, through September 30, 2024. This was extended through September 30, 2024 at \$6,034 per month.

The lease payments required under operating leases for next year are \$177,917.

Rent expense for fiscal years ended September 30, 2024 and 2023, was \$178,236 and \$169,078, respectively.

NOTE 6 - OTHER CURRENT LIABILITIES

The Foundation's other current liabilities at September 30, are as follows:

	<u>2024</u>	<u>2023</u>
Other current liabilities:		
Sponsorship agreement liability (see Note 10)	\$ 0	\$ 100,000
Workers' compensation	37,799	37,799
Sales tax payable	41	110
Note payable	<u>714,286</u>	<u>714,286</u>
Total other current liabilities	<u>\$ 752,126</u>	<u>\$ 852,195</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Workers' Compensation Insurance - Wuesthoff was self-insured for workers' compensation claims up to \$500,000 per occurrence for 2010. The policy provided for retrospective adjustments to premiums based upon loss history experience factors and payroll classification adjustments by the carrier. Management is of the opinion that any future adjustments to retrospective premiums will be immaterial and no liabilities have been recorded in the accompanying financial statements relating to retrospective adjustments. The Foundation's reserve for workers' compensation claims losses, which are known and estimated by management, as well as an estimate for incurred but not yet reported claims included in other current and non-current liabilities in the statements of financial position, was approximately \$37,799 and \$37,799, as of September 30, 2024 and 2023, respectively. No self-insurance losses were incurred by the Foundation for the years ended September 30, 2024 and 2023.

Note payable - In May 2019, a line of credit was converted to an installment note and had a balance of \$1,428,572 and \$2,142,857, as of September 30, 2024 and 2023, respectively. Interest expense on the debt was \$111,201 and \$115,792, for the years ended September 30, 2024 and 2023, respectively. The fair market value of the identified investment accounts marked as collateral total \$6,266,795 and \$5,351,449, as of September 30, 2024 and 2023, respectively.

During the year ended September 30, 2019, the Foundation entered into an interest swap agreement for a fixed rate of 2.47%. Under the terms of the swap, the same financial institution which holds the Foundation's major assets will receive a fixed interest rate of 2.47% and pay the daily adjusting LIBOR rate, plus 160 basis points provided for in the note, thus effectively converting \$5,000,000 of variable rate debt to a 2.47% fixed rate debt.

The interest rate swap agreement noted above has been designated by management as a cash flows hedging instrument and is deemed to be 100% effective. In entering the swap, it was management's intention to limit exposure to future increases in interest rates from their historic lows.

No significant gain or loss was incurred in conjunction with the interest rate swap agreement; therefore, no gain or loss has been reported in the change in net assets from this designated and qualifying cash flows hedge instrument during the years ended September 30, 2024 and 2023.

Quarterly principal payments of \$178,571, are scheduled beginning October 1, 2019, through October 1, 2026, resulting in annual principal payments of \$714,286 through September 30, 2026.

In October of 2021, the Foundation entered into an agreement with the financial institution for a \$2,500,000 line of credit with an interest rate at the BSBY Daily Floating Rate plus the applicable margin of 1%. For the year ended September 30, 2024, the Foundation has an unused line of credit with a financial institution, in the amount of \$2,500,000.

NOTE 8 - CONCENTRATION OF CASH CREDIT RISK

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist principally of cash and cash equivalents, assets whose use is limited, and investments. The Foundation maintains its cash and cash equivalents, assets whose use is limited, and investments with what management believes to be high credit quality financial institutions and investment grade securities.

The Foundation has separated its operating cash among four financial institutions, in which the Foundation maintained a cash balance in excess of the FDIC insured limits of \$98,223 and \$0, as of September 30, 2024 and 2023, respectively. These amounts do not include cash balances held in investment accounts.

NOTE 9 - PENSION PLAN

Defined Contribution Retirement Plans - During the fiscal year ended September 30, 2019, the Foundation established a 403(b)(7) match plan. Contributions are made up to 6% of employee compensation. Total cost of the defined contribution plan was \$141,075 and \$132,937, as of September 30, 2024 and 2023, respectively.

NOTE 10 - SPONSORSHIP AGREEMENT LIABILITY

In June 2007, Wuesthoff entered into an agreement with a developer to construct a medical building in North Brevard County, Florida. As part of that agreement, Wuesthoff committed to pay fair rental value and tenant improvement costs for all vacant space through October 2023. The Foundation maintained this commitment after the October 1, 2010, asset sale.

Provisions in the agreement allow for the Foundation to be relieved of the commitment upon the sale of the building. Sales proceeds would also be split between the developer and the Foundation. The Foundation has recorded a current and long-term liability on the statements of financial position as of September 30, 2024 and 2023, for the amount of \$0 and \$100,000, respectively. The total liability is based on the present value of expected future cash payments determined under the terms of the sponsorship agreement.

NOTE 11 - HOSPITAL WIND-DOWN NET INCOME AND EXPENSE

Income and expenses associated with wrap up of the Wuesthoff activity are reported on the statements of activities under Hospital wind-down net income. These amounts are mainly associated with the collection of the Wuesthoff patient and third-party receivables, changes in Hospital pension, accrued professional claims liability and other liabilities, as well as costs associated with regulatory review of Medicare and Medicaid medical services performed prior to the asset sale of October 1, 2010, that were not accrued at the time of the sale.

NOTE 12 - FAIR VALUE MEASUREMENTS

FASB ASC 820-10-20 defines fair value as the exit price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. FASB ASC 820-10-50 requires investments to be grouped into three categories based on certain criteria as noted below.

Level 1: Fair value is determined by using quoted prices for identical assets or liabilities in active markets.

Level 2: Fair value is determined by using other than quoted prices that are observable for the asset or liability (e.g., quoted prices for identical assets or liabilities in inactive markets, quoted prices for similar assets or liabilities in active markets, observable inputs other than quoted prices, and inputs derived principally from or corroborated by observable market data by correlation or other means).

Level 3: Fair value is determined by using inputs based on management assumptions that are not directly observable.

NOTE 12 - FAIR VALUE MEASUREMENTS (continued)

The following table summarizes the fair value of the Foundation's significant financial assets as of September 30, 2024 and 2023:

	<u>2024</u>			
	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Fair Market Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Short-term investments:				
Certificates of deposit	\$ 39,823	\$ 39,823	\$ 0	\$ 0
Investments and assets limited as to use for note payable:				
Cash and cash equivalents	2,181,672	2,181,672	0	0
Funds invested in equity securities	42,057,078	42,057,078	0	0
Funds invested in fixed income securities	14,580,168	14,580,168	0	0
Funds invested in tangible assets	<u>833,595</u>	<u>833,595</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 59,692,336</u>	<u>\$ 59,692,336</u>	<u>\$ 0</u>	<u>\$ 0</u>

	<u>2023</u>			
	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Fair Market Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Short-term investments:				
Certificates of deposit	\$ 38,287	\$ 38,287	\$ 0	\$ 0
Investments and assets limited as to use for note payable:				
Cash and cash equivalents	2,274,668	2,274,668	0	0
Funds invested in equity securities	34,333,220	34,333,220	0	0
Funds invested in fixed income securities	12,739,026	12,739,026	0	0
Funds invested in tangible assets	<u>1,004,210</u>	<u>1,004,210</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 50,389,411</u>	<u>\$ 50,389,411</u>	<u>\$ 0</u>	<u>\$ 0</u>

The Foundation's Level 1 assets include investments in cash, certificate of deposit, money market funds, and quoted prices in actively traded equity securities.

NOTE 13 - NET PROGRAM SERVICE REVENUE

Revenue and Deductions - Gross program service revenue is recorded on the accrual basis in the period in which services are provided at established rates. Contractual adjustments are recorded as deductions from gross program service revenue to determine net program service revenue.

Net program service revenue consists of the following:

	<u>2024</u>	<u>2023</u>
Gross program service revenue	\$ 1,916,128	\$ 2,130,699
Less provisions for contractual adjustments	<u>5,836</u>	<u>10,091</u>
Net program service revenue	<u>\$ 1,910,292</u>	<u>\$ 2,120,608</u>

NOTE 14 - PROPERTY AND EQUIPMENT

At September 30, 2024 and 2023, equipment consisted of the following:

	<u>2024</u>		
	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net</u>
Building	\$5,983,995	\$ 958,973	\$5,025,022
Land	160,000	0	160,000
Equipment	<u>961,134</u>	<u>961,134</u>	<u>0</u>
Total	<u>\$7,105,129</u>	<u>\$1,920,107</u>	<u>\$5,185,022</u>

	<u>2023</u>		
	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net</u>
Building	\$5,983,995	\$ 805,538	\$5,178,457
Land	160,000	0	160,000
Software	214,138	182,008	32,130
Equipment	<u>961,134</u>	<u>961,134</u>	<u>0</u>
Total	<u>\$7,319,267</u>	<u>\$1,948,680</u>	<u>\$5,370,587</u>

Depreciation and amortization expenses were \$153,436 and \$320,122, for the years ended September 30, 2024 and 2023, respectively.

NOTE 15 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for the year ended September 30, 2024, were restricted for the purposes of the Child Protection Team, the Child Advocacy Center of Brevard, the Wuesthoff pension, and the Foundation's endowments.

NOTE 15 - NET ASSETS WITH DONOR RESTRICTIONS (continued)

Below is a summary of the net asset activity during the years ended September 30, 2024 and 2023:

	2024		
	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>
Beginning balance, September 30, 2023	\$ 54,019,141	\$ 387,002	\$ 54,406,143
Change in net assets without donor restrictions, for the year ended September 30, 2024	9,013,498	0	9,013,498
Contributions with donor restrictions	0	0	0
Investment income from donor restricted funds for the year ended September 30, 2024:			
Investment income (loss)	0	1,676	1,676
Unrealized gains (losses)	0	10,233	10,233
Release of donor restrictions by donor or bylaws	<u>0</u>	<u>(36,754)</u>	<u>(36,754)</u>
Ending balance, September 30, 2024	<u>\$ 63,032,639</u>	<u>\$ 362,157</u>	<u>\$ 63,394,796</u>
	2023		
	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>
Beginning balance, September 30, 2022	\$ 51,005,505	\$ 284,215	\$ 51,289,720
Change in net assets without donor restrictions, for the year ended September 30, 2023	3,013,636	0	3,013,636
Contributions with donor restrictions	0	97,065	97,065
Investment income from donor restricted funds for the year ended September 30, 2023:			
Investment income (loss)	0	(1,987)	(1,987)
Unrealized gains (losses)	0	7,709	7,709
Release of donor restrictions by donor or bylaws	<u>0</u>	<u>0</u>	<u>0</u>
Ending balance, September 30, 2023	<u>\$ 54,019,141</u>	<u>\$ 387,002</u>	<u>\$ 54,406,143</u>

NOTE 16 - ENDOWMENT FUNDS

The Foundation's endowment consists of two donor restricted individual funds. Endowment net assets with donor restrictions at September 30, 2024 and 2023, represent donor-restricted donations that require the donated assets to remain in perpetuity, and the Foundation does not have the right to the original principal.

Interpretation of relevant law - The Board of Directors of the Foundation has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the Foundation to manage the investment process in a prudent manner with regard to preserving principal while providing reasonable returns. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (4) the portion of investment return added to the permanent endowment to maintain purchasing power. If the endowment assets earn investment returns beyond the amount necessary to maintain the endowment assets' real value, that excess is available for appropriation and, therefore, classified as temporarily restricted net assets until appropriated by the Board for expenditure. In accordance with FUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the endowment fund.
- 2) The purposes of the institution and the endowment fund.
- 3) General economics conditions.
- 4) The possible effect of inflation or deflation.
- 5) The expected total return from income and the appreciation of investments.
- 6) Other resources of the institution.
- 7) The investment policy of the institution.

Changes in endowment net assets for the fiscal years ended September 30, 2024 and 2023, are as follows:

	2024		
	<u>Net Assets without Donor Restrictions</u>	<u>Net Assets with Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 0	\$ 52,015	\$ 52,015
Total investment return	0	11,909	11,909
Contributions	0	0	0
Appropriation of endowment assets for expenditure	0	0	0
Other changes	0	0	0
Endowment net assets, end of year	<u>\$ 0</u>	<u>\$ 63,924</u>	<u>\$ 63,924</u>

NOTE 16 - ENDOWMENT FUNDS (continued)

	2023		
	<u>Net Assets without Donor Restrictions</u>	<u>Net Assets with Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 0	\$ 46,293	\$ 46,293
Total investment return	0	5,722	5,722
Contributions	0	0	0
Appropriation of endowment assets for expenditure	0	0	0
Other changes	0	0	0
Endowment net assets, end of year	<u>\$ 0</u>	<u>\$ 52,015</u>	<u>\$ 52,015</u>

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 or FUPMIFA requires the Foundation to retain the fund in perpetuity. Deficiencies may result from unfavorable market fluctuations that occur after the investment of new restricted contributions and continued appropriation for certain programs that is deemed prudent by the Board of Directors. There was no such deficiency, in aggregate, as of September 30, 2024 and 2023.

Spending policy and how the investment objectives relate to spending policy - The amount to be distributed (spent) from the Foundation assets is reviewed annually by the Executive Committee and appropriate recommendations are made to the Board, then approved by the Board. Specifically, in compliance with FUPMIFA, unless otherwise specified or implied by a gift agreement or other document, at no time will spending invade the principal of endowed funds. This is consistent with the Foundation's objective to maintain purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 17 - TAX STATUS

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been recognized as a public charity not subject to the limitations of a private foundation. Therefore, no provision for federal or state income taxes is included in these financial statements. The Foundation's annual informational returns are subject to examination by the IRS, generally three years after they are filed. SCHF Not-for-profit Wind Down, Inc. is a former affiliate organization under the control of the Foundation as of September 30, 2024 and 2023 and is in the process of being terminated.

NOTE 18 - SUBSEQUENT EVENTS

The Foundation has evaluated events through March 24, 2025, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SPACE COAST HEALTH FOUNDATION, INC.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the year ended September 30, 2024

Employer Identification Number: 59-2432318

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>CFSA Number</u>	<u>State Contract Number</u>	<u>Program or Award Amount</u>	<u>Amounts Expended</u>
State financial assistance:				
State of Florida Department of Health:				
Children's Medical Services:				
Children's Special Health Care:				
Medical Services for Abused and Neglected Children	64.006	CP17B	\$ 701,732	\$ 701,732
Medical Services for Abused and Neglected Children	64.006	COQCR	\$ 154,261	154,261
Passed through Central Florida Cares Health System:				
Community SAMH:				
SAMH - Community Services	60.153	LCC25	\$ 637,500	637,500
Passed through Florida Network of Children's Advocacy Centers:				
Department of Legal Affairs and Attorney General:				
Victim Services	41.031	CAC20	\$ 230,624	230,624
Department of Children and Families:				
Safety Preservation Services	60.124	CAC20	\$ 9,233	9,233
Department of Highway Safety and Motor Vehicles:				
Motorist Services:				
Child Abuse Prevention and Intervention License Plate	76.067	CAC20	\$ 3,948	3,948
Voluntary Contribution	76.123	CAC20	\$ 633	<u>633</u>
Total expenditures of state financial assistance				\$ <u>1,737,931</u>

SPACE COAST HEALTH FOUNDATION, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2024

NOTE 1 - GENERAL

The accompanying schedule of expenditures of state financial assistance presents the activity of all state financial assistance projects of the Foundation. The Foundation's reporting entity is defined in Note 1 of the Foundation's financial statements. The accounting policies and presentation of the Single Audit Report have been designed to conform to accounting principles generally accepted in the United States of America. Conformance also includes the reporting and compliance requirements of the Florida Single Audit Act.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Florida Single Audit Act, wherein certain types of expenditures may or may not be allowed or may be limited as to reimbursement. The Foundation has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Florida Single Audit Act.



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

Shareholders

Todd M. Russell
Shawn M. Yount

Directors Emeritus/Directors

Stephen A. Ellis
Donna L. Young

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

To the Board of Directors
Space Coast Health Foundation, Inc.
Rockledge, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Space Coast Health Foundation, Inc. (the Foundation), (a non-profit organization), which comprise the statement of financial position as of September 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 March 24, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Davies, Houser & Secret, CPA, P.A.
Cocoa, Florida
March 24, 2025



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

Shareholders

Todd M. Russell
Shawn M. Yount

Directors Emeritus/Directors

Stephen A. Ellis
Donna L. Young

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

To the Board of Directors
Space Coast Health Foundation, Inc.
Rockledge, Florida

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Space Coast Health Foundation, Inc.'s (the Foundation), (a non-profit organization), compliance with the types of compliance requirements described in the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on the Foundation's major state project for the year ended September 30, 2024. The Foundation's major state project is identified in the summary of auditor's results section of the accompanying schedules of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its state project for the year ended September 30, 2024.

Basis for Opinion on Each 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 Chapter 10.650, Rules of the Auditor General. Our responsibilities under the standards above are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements above occurred, whether due to fraud or error, and to express an opinion on the Foundation'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* 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 Foundation'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 Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstance and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 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 state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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



Davies, Houser & Secrest, CPA, P.A.
Cocoa, Florida
March 24, 2025

SPACE COAST HEALTH FOUNDATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 STATE FINANCIAL ASSISTANCE PROJECTS
 For the year ended September 30, 2024

I. Summary of auditor's results	Answers
1. Type of report issued on financial statements	Unmodified
2. Significant deficiencies in internal control disclosed by the audit of the financial statements	None
3. Noncompliance which is material to the audited financial statements	None
4. Significant deficiencies in internal control over major projects disclosed by the audit	None
5. Type of report on compliance for major projects	Unmodified
6. Audit findings required to be reported in accordance with Chapter 10.656, Rules of the Auditor General	None No Management Letter Issued
7. Identification of major state financial assistance projects	State of Florida Department of Health – Children's Medical Services: Children's Special Health Care – Medical Services for Abused and Neglected Children CSFA #64.006
8. Dollar threshold for type A programs	\$750,000
II. Findings required to be reported in accordance with generally accepted <i>Government Auditing Standards</i>	None
III. Findings and questioned costs relating to state financial assistance	None
IV. Prior year's audit findings	None