CHILD GUIDANCE CENTER, INC
AND
CHILD GUIDANCE FOUNDATION, INC

FINANCIAL REPORT

For the Years Ended June 30, 2024 and 2023

SMOAK, DAVIS & NIXON LLP
Certified Public Accountants
Providing Integrated Financial Solutions

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SMOAK, DAVIS & NIXON LLP
Certified Public Accountants
Providing Integrated Financial Solutions

5011 Gate Parkway
Building 100, Suite 300
Jacksonville, FL 32256

Office: (904)396-5831
Fax: (904)399-8985
www.sdnllp.com

To Management and the Board of Directors
Child Guidance Center, Inc.
Child Guidance Foundation, Inc.
Jacksonville, Florida

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Child Guidance Center, Inc. and Child Guidance Foundation, Inc. (the "Organizations") (nonprofit organizations), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organizations as of June 30, 2024 and 2023, and the changes in their net assets and their 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 Child Guidance Center, Inc. and Child Guidance Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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Independent Auditor's Report
(continued)

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

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

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Independent Auditor's Report
(continued)

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated December 5, 2024, on our consideration of the Organizations' internal control over financial reporting and on our tests of their 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 the Organizations' 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 Organizations' internal control over financial reporting and compliance.

Smoak, Davis & Nixon LLP

Jacksonville, Florida
December 5, 2024

CHILD GUIDANCE CENTER, INC.
AND CHILD GUIDANCE FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	2024	2023
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 942,253	$ 358,705
Client service receivable (net of estimated allowance for credit loss in 2024 for $121,600)	12,587	
Client service receivable (net of estimated third party settlements in 2023 for $132,205)		97,081
Public support receivable	764,485	943,380
Prepaid expenses and other current assets	73,050	4,981
Total current assets	1,792,375	1,404,147
Land, building and equipment	1,100,988	940,230
Total assets	$ 2,893,363	$ 2,344,377
LIABILITIES:		
Current liabilities:		
Accounts payable	$ 25,804	$ 54,902
Accrued compensated absences	714,424	242,478
Other current liabilities	104,528	155,740
Current portion of note payable	-	217,044
Total current liabilities	844,756	670,164
Total liabilities	844,756	670,164
NET ASSETS:		
Without donor restrictions	2,048,607	1,674,213
Total net assets	2,048,607	1,674,213
Total liabilities and net assets	$ 2,893,363	$ 2,344,377

The Notes to the Consolidated Financial Statements are an integral part of these statements.

CHILD GUIDANCE CENTER, INC.
AND CHILD GUIDANCE CENTER FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended June 30, 2024 and 2023

	2024	2023
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Public Support:		
LSF Health Systems as Managing Entity for Florida Department of Children and Families	$ 3,875,316	$ 3,153,542
Kids Hope Alliance and Duval County Public Schools as passed through United Way of NE Florida	1,656,191	1,395,111
Family Support Services of North Florida, Inc.	154,407	149,326
Other	526,332	76,596
Contracts and Grant Revenue	6,212,246	4,774,575
Contributions	54,754	49,954
Total unrestricted public support	6,267,000	4,824,529
Revenues:		
Net Patient Revenue	2,075,771	2,384,417
Interest Income	652	72
Other revenue	146,380	573,620
Total revenues	2,222,803	2,958,109
Total unrestricted public support and revenues	8,489,803	7,782,638
Expenses:		
Program Services:		
In home/On site	2,182,016	2,031,613
Intervention	2,246,193	2,093,180
Outpatient	1,668,602	1,723,797
Case Management	192,529	184,693
Outpatient Medical	128,356	123,129
Community Action Team	1,617,595	1,196,555
Total program services expenses	8,035,291	7,352,967
Supporting Services:		
Administrative	80,118	74,275
Total supporting services expenses	80,118	74,275
Total expenses	8,115,409	7,427,242
Change in net assets without donor restrictions	374,394	355,396
Net assets without donor restrictions at beginning of year	1,674,213	1,318,817
Net assets without donor restrictions at end of year	$ 2,048,607	$ 1,674,213

The Notes to the Consolidated Financial Statements are an integral part of these statements.

CHILD GUIDANCE CENTER, INC.
AND CHILD GUIDANCE CENTER FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2024

	Program Services							Supporting Services	
	In Home/ On Site	Intervention	Outpatient	Case Management	Outpatient Medical	Community Action Team	Total Program	Administrative	Total Expenses
Personnel Services:									
Salaries	$ 1,390,559	$ 1,431,458	$ 1,063,369	$ 122,696	$ 81,798	$ 990,371	$ 5,080,251	$ 564,472	$ 5,644,723
Fringe benefits	239,337	246,375	183,022	21,118	14,079	151,250	855,181	95,020	950,201
Total Personnel	1,629,896	1,677,833	1,246,391	143,814	95,877	1,141,621	5,935,432	659,492	6,594,924
Other Expenses:									
Building occupancy	52,235	53,772	39,944	4,609	3,073	36,124	189,757	21,084	210,841
Professional services	50,786	52,280	38,837	4,481	2,987	21,435	170,806	18,978	189,784
Travel	5,985	6,161	4,577	528	352	16,118	33,721	3,723	37,444
Equipment costs	93,055	95,792	71,160	8,210	5,474	86,760	360,451	39,029	399,480
Contract services	62,427	64,263	47,738	5,508	3,672	88,734	272,342	30,260	302,602
Insurance	51,012	52,513	39,010	4,501	3,001	28,074	178,111	19,790	197,901
Interest	2,766	2,847	2,115	244	163		8,135	904	9,039
Operating supplies and expenses	35,489	36,533	27,139	3,131	2,088	51,675	156,055	17,339	173,394
Total Other Expenses	353,755	364,161	270,520	31,212	20,810	328,920	1,369,378	151,107	1,520,485
Total Program Expenses	1,983,651	2,041,994	1,516,911	175,026	116,687	1,470,541	7,304,810	810,599	8,115,409
Distributed Costs:									
Administrative and clinical support	198,365	204,199	151,691	17,503	11,669	147,054	730,481	(730,481)	-
Total Expenses	$ 2,182,016	$ 2,246,193	$ 1,668,602	$ 192,529	$ 128,356	$ 1,617,595	$ 8,035,291	$ 80,118	$ 8,115,409

The Notes to the Consolidated Financial Statements are an integral part of this statement.

CHILD GUIDANCE CENTER, INC.
AND CHILD GUIDANCE CENTER FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

	Program Services							Supporting Services	
	In Home/ On Site	Intervention	Outpatient	Case Management	Outpatient Medical	Community Action Team	Total Program	Administrative	Total Expenses
Personnel Services:									
Salaries	$ 1,201,689	$ 1,238,106	$ 1,019,617	$ 109,245	$ 72,830	$ 660,472	$ 4,301,959	$ 477,996	$ 4,779,955
Fringe benefits	200,006	206,067	169,702	18,182	12,122	74,167	680,246	75,583	755,829
Total Personnel	1,401,695	1,444,173	1,189,319	127,427	84,952	734,639	4,982,205	553,579	5,535,784
Other Expenses:									
Building occupancy	87,759	90,419	74,463	7,978	5,319	35,100	301,038	33,449	334,487
Professional services	52,619	54,214	44,647	4,784	3,189	24,955	184,408	20,490	204,898
Travel	5,215	5,373	4,425	474	316	10,530	26,333	2,926	29,259
Equipment costs	92,888	95,703	78,814	8,444	5,630	54,148	335,627	37,292	372,919
Contract services	120,654	124,310	102,373	10,969	7,312	127,319	492,937	54,771	547,708
Insurance	31,369	32,319	26,616	2,852	1,901	15,314	110,371	12,264	122,635
Interest	4,047	4,170	3,434	368	245		12,264	1,363	13,627
Operating supplies and expenses	50,675	52,210	42,997	4,607	3,071	85,772	239,332	26,593	265,925
Total Other Expenses	445,226	458,718	377,769	40,476	26,983	353,138	1,702,310	189,148	1,891,458
Total Program Expenses	1,846,921	1,902,891	1,567,088	167,903	111,935	1,087,777	6,684,515	742,727	7,427,242
Distributed Costs:									
Administrative and clinical support	184,692	190,289	156,709	16,790	11,194	108,778	668,452	(668,452)	-
Total Expenses	$ 2,031,613	$ 2,093,180	$ 1,723,797	$ 184,693	$ 123,129	$ 1,196,555	$ 7,352,967	$ 74,275	$ 7,427,242

The Notes to the Consolidated Financial Statements are an integral part of this statement.

CHILD GUIDANCE CENTER, INC.
AND CHILD GUIDANCE CENTER FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets without donor restrictions	$ 374,394	$ 355,396
Adjustments to reconcile changes in net assets without donor restrictions to net cash provided by (used in) operating activities:		
Depreciation and amortization	46,143	61,184
Client service receivables	84,494	16,639
Public support receivable	178,895	(396,050)
Prepaid expenses and other current assets	(68,069)	3,917
Accounts payable and accrued expenses	(29,098)	17,802
Accrued compensated absences	471,946	56,910
Other current liabilities	(51,212)	(87,888)
Net cash provided by operating activities	1,007,493	27,910
CASH FLOWS FROM INVESTING ACTIVITIES:		
Land, building and equipment acquisitions	(206,901)	(12,875)
Net cash used in investing activities	(206,901)	(12,875)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment on note payable	(217,044)	(30,461)
Net cash used in financing activities	(217,044)	(30,461)
Net increase (decrease) in cash and cash equivalents	583,548	(15,426)
Beginning cash and cash equivalents	358,705	374,131
Ending cash and cash equivalents	$ 942,253	$ 358,705
Cash paid for interest	$ 9,039	$ 13,628

The Notes to the Consolidated Financial Statements are an integral part of these statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities

Child Guidance Center, Inc. (the Center) and Child Guidance Foundation, Inc. (the Foundation), are nonprofit entities (the "Organizations") organized under the laws of the State of Florida. The Center provides treatment, counseling, and prevention for mental health and related problems to children, adolescents, and their families. The Center's goal is to provide such services to all individuals requesting assistance, regardless of their ability to pay. The Foundation was formed in October 1988 for the purpose of fundraising and creation of public awareness as well as holding title to real and personal property used by Child Guidance Center, Inc. The Center and the Foundation are located in Jacksonville, Florida, and share members of the same Board of Directors (the Board), which consists of volunteers from the community.

Financial Statement Presentation

In accordance with generally accepted accounting principles, consolidated financial statements have been presented for the Center and Foundation since the Center has control over, and an economic interest in the Foundation. All intercompany items have been eliminated.

In accordance with generally accepted accounting principles, the Center is required to report information regarding financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition, the Center is required to present a statement of cash flows and statement of functional expenses.

Net Assets Without Donor Restrictions:

Net assets without donor restrictions are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions:

Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met by actions of the Organizations and/or the passage of time.

Functional Expense Allocation:

The costs related to the administration of the Organizations' programs have been detailed in the statement of functional expenses, and are summarized on a program basis in the statement of activities. Personnel and operating expenses which are associated with a specific program are charged directly to that program. Personnel and operating expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided. Administrative expenses represent indirect costs of administering these programs.

Cash and Cash Equivalents:

The Organizations consider all highly liquid investments with original maturities of three months or less to be cash equivalents.

Client Service Receivable (After adoption of ASU 2016-13):

Client service receivables primarily consists of amounts due from third-party payers including federal and state agencies (Medicaid programs) and commercial insurance companies and are stated at the amount management expects to collect from outstanding balances. As needed, management provides for probable uncollectible amounts through a charge to earnings and a credit to an allowance for credit loss accounts based on its assessment of the current status of individual accounts. Management estimates the allowance for credit loss based upon historical collections, facts about the current financial conditions, forecasts of future operating results based upon current trends and macroeconomic factors. Any balances still outstanding after reasonable collections efforts are written off through a charge to the allowance for credit loss and offset to the client services receivable.

Client Service Receivable (Prior to adoption of ASU 2016-13):

Client service receivables primarily consists of amounts due from third-party payers including federal and state agencies (Medicaid programs) and commercial insurance companies and are stated at net realizable value. Management has estimated an allowance for doubtful accounts based on the nature of the accounts and historical collections efforts. Any balances still outstanding after reasonable collections efforts are written off through a charge to the allowance offset to the client services receivable.

Note 1. Continued

Public Support Receivable (After adoption of ASU 2016-13):

Public support receivable consists primarily of amounts due to the Center from governmental units and local grantors under the terms of various contracts and are stated at the amount management expects to collect from outstanding balances. If needed, management provides for probable uncollectible amounts through a charge to earnings and a credit to an allowance for credit loss based on its assessment of the current status of individual accounts. Management estimates the allowance for credit loss based upon historical collections, facts about the current financial conditions, forecasts of future operating results based upon current trends and macroeconomic factors. Due to the nature of public support receivable balances, as of June 30, 2024, there was no allowance balance required.

Public Support Receivable (Prior to adoption of ASU 2016-13):

Public support receivable consists primarily of amounts due to the Center from governmental units and local grantors under the terms of various contracts. No allowance for doubtful accounts has been established due to the nature of these agencies.

Land, Building and Equipment:

Land, building and equipment are recorded at historical cost at fair market value at the date of donation. Additions with a cost or fair value in excess of $1,000 are capitalized. Depreciation is computed using the straight-line method over the useful lives of the various assets, which range from 5-30 years. The Center and Foundation commences depreciation in the month of acquisition. The State of Florida is entitled to the proceeds from the disposal of certain land, building and equipment in accordance with grant provisions.

Periodically, management reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Impairment is measured by comparing the carrying amount of the asset to the sum of expected future cash flows (undiscounted and without interest charges) resulting from use of the asset and its eventual disposition. Management believes that there are no impairment losses on long-lived assets as of June 30, 2024 and 2023.

Concentrations of Credit Risk:

The Center's financial instruments that are exposed to concentration of credit risk consist primarily of cash and cash equivalents. The Center places its cash and cash equivalents with high credit quality institutions. At times these financial instruments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits.

Public Support:

Public support from government grants are recorded based on the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs or units of service of the specific grant provisions have been incurred or provided. Such revenue is subject to audit by the grantor and, if the examination results in a non-allowance of units of service or expenses, the Organizations will be required to reimburse any overpayments.

Contributions:

In accordance with generally accepted accounting principles, contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

The Center and Foundation report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of operations and changes in net assets as net assets released from restrictions. Conditional promises to give are recognized when they become unconditional, that is, when the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. The Organizations did not have any unconditional promises to give at June 30, 2024 and 2023, respectively.

Net Patient Revenue:

Net patient revenue is recorded at standard rates which are reduced by allowances based upon the client's financial capabilities and by amounts estimated by management to be non-reimbursable by third-party payors and state programs under the provisions of applicable program payment arrangements. Final determination of amounts earned is subject to third-party payor audit and retroactive adjustments. Net patient service revenue is recognized as performance obligations are satisfied, based on the nature of services provided.

Financial Statement Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Income Taxes:

Child Guidance Center, Inc. and Child Guidance Center Foundation, Inc. are private not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code. The Center and the Foundation are exempt from federal and state income taxes on related income.

The Organizations apply generally accepted accounting principles related to income tax uncertainties. The Organizations have determined that there were no unrecognized tax benefits for the years ended June 30, 2024 and 2023. The Organizations file tax returns in the U.S. federal jurisdiction. Tax years that remain subject to examination by major tax jurisdiction are 2021 and forward.

Subsequent Events:

In preparing these financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through December 5, 2024 the date the consolidated financial statements were available to be issued.

Accounting Pronouncements Adopted:

Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*, which changes the impairment model for most financial assets. The new standard modifies the measurement of expected credit losses on certain financial instruments. *Financial Instruments – Credit Losses (Topic 326)* requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Organizations that are subject to ASU 2016 - 13 include client service receivables and public support receivables. The Organizations adopted this ASU and related amendments as of July 1, 2023 under the modified retrospective approach such that comparative information has not been restated.

As of July 1, 2023, the adoption of this ASU and related amendments did not have a material impact on the Organizations' financial statements but did change how the allowance for credit losses is determined.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*, which establishes a comprehensive lease standard under generally accepted accounting principles for virtually all industries. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease. A lessee is also required to record a right of use asset and a lease liability on the balance sheets for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales type leases, direct financing leases and operating leases. The Organizations adopted this ASU and related amendments as of July 1, 2022, under the modified retrospective approach such that no prior year amounts were reclassified to conform to the presentation requirements. There was no material impact to the financial statements as a result of adoption.

Note 2. Public Support Receivable

As of June 30, 2024 and 2023, public support receivable was composed of:

	2024	2023
Family Support Services of North Florida, Inc.	$ -	$ 7,324
United Way (Kids Hope Alliance and Duval County Public School Funding)	67,199	168,672
LSF Health Systems (Florida Department of Children and Families)	668,961	434,386
Other	28,325	332,998
	$ 764,485	$ 943,380

Note 3. Land, Building and Equipment

Major classes of land, building, equipment and accumulated depreciation are as follows:

	2024	2023
Land	$ 297,707	$ 297,707
Building	1,464,800	1,464,800
Furniture, equipment and software	643,573	596,125
Leasehold and building improvements	1,077,275	917,821
	3,483,355	3,276,453
Less accumulated depreciation	2,382,367	2,336,223
	$ 1,100,988	$ 940,230

Depreciation expense for the years ended June 30, 2024 and 2023 was $46,143 and $61,184, respectively.

Note 4. Retirement Plan

The Center established a Retirement Savings Plan (The Plan) effective July 1, 1985. The Plan covers full-time and part-time employees who have completed three months of service and are scheduled to work at least 1,000 hours of service during the plan year. Employees become fully vested after five years of service. The Center's contribution to the Plan, as determined by the Board of Directors, is discretionary but may not exceed the total allowed as a tax deduction unless needed to provide top heavy minimum allocations. Effective April 2024, the Board determined that the Center will match up to 3% of each participant's compensation for the year ended June 30, 2024. The Center's contribution to the Plan was $20,932 and $0 for the years ended June 30, 2024 and 2023, respectively.

Note 5. Note Payable

Note payable obligations at June 30, 2024 and 2023 are as follows:

	2024	2023
The note was dated February 26, 2014, and provided for monthly installments of $3,674 consisting of principal and interest at 5.75%. The mortgage was collateralized with real property and matured March 15, 2024, with a balloon payment of $193,673 due at maturity. The note was paid in full during 2024.	$ -	$ 217,044
Less current portion of note payable		217,044
Note payable, less current maturities	$ -	$ -

Note 6. Net Patient Revenue

Net patient revenue includes amounts received from Medicaid and commercial insurance, as well as self-pay, for the years ended June 30, 2024 and 2023, as follows:

	2024	2023
Medicaid, less reserve adjustment	$ 1,901,943	$ 2,113,849
Commercial insurance	102,486	175,599
Self-Pay	71,342	94,969
Total	$ 2,075,771	$ 2,384,417

Note 7. Fair Value Measurements

The carrying amounts reflected in the statements of financial position for cash and cash equivalents, client service and public support receivables, prepaid expenses and other current assets, accounts payable, accrued compensated absences and other current liabilities approximates fair value due to the relative terms and/or short maturity of these financial instruments.

Note 8. Liquidity and Availability of Resources

The Organizations' financial assets available within one year of the statements of financial position date at June 30, 2024 and 2023 for general expenditure are as follows:

	2024	2023
Cash and cash equivalents	$ 942,253	$ 358,705
Client service receivable	12,587	97,081
Public service receivable	764,485	943,380
Total financial assets available within one year	1,719,325	1,399,166
Less:		
Amounts unavailable for general expenditures within one year	-	-
Total financial assets available to management for general expenditures within one year	$ 1,719,325	$ 1,399,166

The Organizations maintain a policy of structuring financial assets to be available as general expenditures, liabilities, and other obligations come due.

Note 9. Concentration of Revenue Source

The Center receives substantial support under Medicaid and governmental pass-through entities. During the fiscal years ended June 30, 2024 and 2023, support recognized under these arrangements amounted to 87.6% and 80.0% of total revenues and 95.0% and 58.4% total accounts receivable, respectively.

SMOAK, DAVIS & NIXON LLP
Certified Public Accountants
Providing Integrated Financial Solutions

5011 Gate Parkway
Building 100, Suite 300
Jacksonville, FL 32256

Office: (904)396-5831
Fax: (904)399-8985
www.sdnllp.com

To Management and the Board of Directors
Child Guidance Center, Inc.
Child Guidance Foundation, Inc.
Jacksonville, Florida

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*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Child Guidance Center, Inc. and Child Guidance Foundation, Inc. (nonprofit organizations), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 5, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Child Guidance Center, Inc. and Child Guidance Foundation, Inc.'s ("the Organizations") internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' 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 Organizations' consolidated 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.

SMOAK, DAVIS & NIXON LLP
Certified Public Accountants
Providing Integrated Financial Solutions

5011 Gate Parkway
Building 100, Suite 300
Jacksonville, FL 32256

Office: (904)396-5831
Fax: (904)399-8985
www.sdnllp.com

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Smoak, Davis & Nixon LLP

Jacksonville, Florida
December 5, 2024