

**FOUNDCARE, INC.  
AND CONSOLIDATED AFFILIATE  
REPORT ON AUDITS OF CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

# FOUNDCARE, INC. AND CONSOLIDATED AFFILIATE

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## Independent Auditor's Report

To the Board of Directors of  
FoundCare, Inc. and  
FoundCare Foundation, Inc.  
West Palm Beach, Florida

### Opinion

We have audited the accompanying consolidated financial statements of FoundCare, Inc. (the Organization) (a nonprofit organization) and FoundCare Foundation, Inc. (the Foundation), (collectively, FoundCare), which comprise the consolidated statements of financial position as of December 31, 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 the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of FoundCare, Inc. and its consolidated affiliate, as of December 31, 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 FoundCare 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 opinion.

### 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FoundCare's 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FoundCare'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 FoundCare's ability to continue as a going concern for a reasonable period of time.

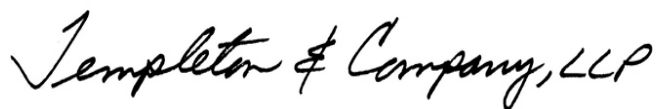
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2025, on our consideration of FoundCare's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of FoundCare'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 FoundCare's internal control over financial reporting and compliance.



West Palm Beach, Florida  
August 27, 2025

**FOUNDCARE, INC. AND CONSOLIDATED AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2024 and 2023**

	2024	2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,824,706	\$ 4,113,221
Investments (Note 7)	11,500,621	14,826,075
Grants and contracts receivable (Note 3)	6,810,513	3,842,172
Patient receivables, net of allowances of \$1,995,876 and \$1,457,324, respectively (Note 5)	9,829,224	7,098,013
Unconditional promises to give (Note 8)	64,987	-
Inventories	278,046	344,083
Prepaid expenses and other current assets	385,974	300,925
Total current assets	30,694,071	30,524,489
Property and equipment, net (Note 10)	24,589,516	18,420,026
Right-of-use asset - operating leases (Note 14)	1,128,040	1,335,845
Other assets	51,868	46,436
Total assets	<u>\$ 56,463,495</u>	<u>\$ 50,326,796</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Current portion of long-term debt (Note 13)	\$ 202,102	\$ 193,798
Accounts payable	563,510	654,103
Construction costs and retainage payable	1,128,671	-
Accrued expenses (Note 11)	3,444,411	2,043,415
Current portion of lease liabilities (Note 14)	221,114	225,387
Deferred revenue (Note 12)	1,020,000	104,835
Total current liabilities	6,579,808	3,221,538
Lease liabilities, net of current portion (Note 14)	929,805	1,122,495
Long-term debt, net (Note 13)	3,047,769	3,247,190
Total liabilities	10,557,382	7,591,223
Net assets:		
Net assets without donor restrictions	43,321,405	42,735,573
Net assets with donor restrictions (Note 20)	2,584,708	-
Total net assets	45,906,113	42,735,573
Total liabilities and net assets	<u>\$ 56,463,495</u>	<u>\$ 50,326,796</u>

See accompanying notes to consolidated financial statements.

**FOUNDCARE, INC. AND CONSOLIDATED AFFILIATE**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**For the Years Ended December 31, 2024 and 2023**

	2024	2023
<b>Support and revenues without donor restrictions:</b>		
Net patient service revenue and pharmacy program	\$ 40,485,545	\$ 37,432,222
Federal, state and local grant revenue	8,823,232	9,737,370
Contributions	1,438,867	376,870
Other revenue	176,281	167,801
Net investment return	687,112	753,159
Total support and revenues without donor restrictions	<u>51,611,037</u>	<u>48,467,422</u>
<b>Expenses:</b>		
Program services:		
Community health center and pharmacy program	46,358,592	41,395,117
Client services	4,802,105	4,576,315
Education, outreach and behavioral health	1,785,771	1,512,234
Total program services	52,946,468	47,483,666
Supporting services:		
General and administrative	1,024,374	832,197
Fund raising/development	360,156	200,433
Total expenses	<u>54,330,998</u>	<u>48,516,296</u>
<b>Decrease in net assets from operating activities</b>	(2,719,961)	(48,874)
Net assets released from restrictions	3,305,793	4,085,802
<b>Increase in net assets without donor restrictions</b>	<u>585,832</u>	<u>4,036,928</u>
<b>With donor restrictions:</b>		
Contributions	5,890,501	4,037,614
Net assets released from restrictions	(3,305,793)	(4,085,802)
<b>Change in net assets with donor restrictions</b>	<u>2,584,708</u>	<u>(48,188)</u>
<b>Change in net assets</b>	3,170,540	3,988,740
<b>Net assets - beginning of year</b>	<u>42,735,573</u>	<u>38,746,833</u>
<b>Net assets - end of year</b>	<u>\$ 45,906,113</u>	<u>\$ 42,735,573</u>

See accompanying notes to consolidated financial statements.

**FOUNDCARE, INC. AND CONSOLIDATED AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2024**

	Program Services			Supporting Services		
	Education Outreach and Behavioral Health	Client Services	Community Health Center and Pharmacy Program	General and Administrative	Fund Raising/ Development	Total
Salaries and wages	\$ 893,214	\$ 2,140,368	\$ 15,641,438	\$ 337,099	\$ 295,456	\$ 19,307,575
Payroll taxes and benefits	306,998	618,120	2,994,887	215,442	-	4,135,447
Financial assistance	-	1,172,525	60,915	-	-	1,233,440
Pharmacy - cost of goods	-	-	20,721,189	-	-	20,721,189
Professional fees	24,656	81,214	2,648,886	111,335	33,702	2,899,793
Food program	863	83,759	24,536	-	-	109,158
Labs	-	-	556,432	-	-	556,432
Medical and dental supplies	-	-	593,857	-	-	593,857
Program supplies	413,751	53,716	164,152	-	-	631,619
Contract services/passthrough	-	26,377	3,027	464	-	29,868
Bank and credit card fees	306	1,693	36,793	-	1,035	39,827
Dues, subscriptions and memberships	2,842	17,417	268,430	-	768	289,457
Employee recruiting	416	1,283	13,955	24	-	15,678
Insurance	7,308	60,854	245,638	80,001	-	393,801
Licenses, permits, taxes and fees	777	3,631	53,638	21,510	425	79,981
Meetings and conferences	30,212	17,178	160,400	11,610	18,172	237,572
Miscellaneous	3,456	19,811	175,527	728	-	199,522
Office supplies	6,885	25,011	345,033	17,078	6,546	400,553
Printing and copying	1,486	168	6,027	4,982	-	12,663
Rent	4,944	114,078	255,166	-	-	374,188
Repairs and maintenance	10,366	60,195	238,918	38,478	-	347,957
Staff activities	-	-	-	-	-	-
Special events	33,489	-	104,867	-	4,052	142,408
Telephone	15,479	70,952	204,035	29,073	-	319,539
Utilities	4,200	35,438	63,664	42,673	-	145,975
Vehicle operations	-	-	33,782	-	-	33,782
Subtotal	1,761,648	4,603,788	45,615,192	910,497	360,156	53,251,281
Interest expense	5,105	40,254	106,476	5,395	-	157,230
Depreciation	19,018	158,063	636,924	108,482	-	922,487
Total functional expenses	<u>\$ 1,785,771</u>	<u>\$ 4,802,105</u>	<u>\$ 46,358,592</u>	<u>\$ 1,024,374</u>	<u>\$ 360,156</u>	<u>\$ 54,330,998</u>

See accompanying notes to consolidated financial statements.

**FOUNDCARE, INC. AND CONSOLIDATED AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2023**

	Program Services			Supporting Services		
	Education Outreach and Behavioral Health	Client Services	Community Health Center and Pharmacy Program	General and Administrative	Fund Raising/ Development	Total
Salaries and wages	\$ 804,830	\$ 1,928,577	\$ 13,894,933	\$ 303,743	\$ -	\$ 16,932,083
Payroll taxes and benefits	244,383	492,050	2,384,056	171,501	-	3,291,990
Financial assistance	-	1,332,658	69,234	-	-	1,401,892
Pharmacy - cost of goods	-	-	18,431,372	-	-	18,431,372
Professional fees	25,959	85,505	2,788,833	117,217	200,433	3,217,947
Food program	1,268	123,008	36,034	-	-	160,310
Labs	-	-	314,860	-	-	314,860
Medical and dental supplies	-	-	641,785	-	-	641,785
Program supplies	288,358	37,437	114,404	-	-	440,199
Contract services/passthrough	-	1,863	214	33	-	2,110
Bank and credit card fees	246	1,362	29,605	-	-	31,213
Dues, subscriptions and memberships	1,924	11,793	181,757	-	-	195,474
Employee recruiting	407	1,257	13,673	23	-	15,360
Insurance	5,759	47,958	193,585	63,048	-	310,350
Licenses, permits, taxes and fees	844	3,943	58,235	23,354	-	86,376
Meetings and conferences	52,567	29,889	279,085	20,200	-	381,741
Miscellaneous	3,141	18,002	52,130	13	-	73,286
Office supplies	6,767	24,579	339,078	16,783	-	387,207
Printing and copying	2,825	319	11,457	9,471	-	24,072
Rent	5,360	123,666	264,858	-	-	393,884
Repairs and maintenance	7,590	44,074	174,935	28,173	-	254,772
Staff activities	150	755	14,119	17,481	-	32,505
Special events	22,626	-	70,851	-	-	93,477
Telephone	10,731	49,195	141,466	20,158	-	221,550
Utilities	3,938	33,227	59,692	40,011	-	136,868
Vehicle operations	-	-	40,326	-	-	40,326
Subtotal	1,489,673	4,391,117	40,600,577	831,209	200,433	47,513,009
Interest expense	5,413	42,684	112,903	649	-	161,649
Depreciation	17,148	142,514	681,637	339	-	841,638
Total functional expenses	<u>\$ 1,512,234</u>	<u>\$ 4,576,315</u>	<u>\$ 41,395,117</u>	<u>\$ 832,197</u>	<u>\$ 200,433</u>	<u>\$ 48,516,296</u>

See accompanying notes to consolidated financial statements.



**FOUNDCARE, INC. AND CONSOLIDATED AFFILIATE**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2024 and 2023**

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 3,170,540	\$ 3,988,740
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	922,487	841,638
Amortization of loan costs	2,700	2,700
Net realized and unrealized gains on investments	(668,165)	(384,093)
Provision for expected credit losses and contractual adjustments	136,420	(125,545)
Contributions restricted for long-term investment	(4,659,031)	(1,849,876)
Non-cash operating lease expense	10,842	12,818
(Increase) decrease in operating assets:		
Grants and contracts receivables	(2,968,341)	655,504
Unconditional promises to give, net	(64,987)	48,188
Patient receivables	(2,867,631)	(1,454,230)
Inventories	66,037	85,215
Prepaid expenses and other current assets	(85,049)	(67,496)
Increase (decrease) in operating liabilities:		
Accounts payable	(90,593)	96,822
Accrued expenses	1,400,996	(210,376)
Deferred revenue	915,165	(1,482,738)
Net cash (used in) provided by operating activities	<u>(4,778,610)</u>	<u>157,271</u>
Cash flows from investing activities:		
Cash paid for capital expenditures	(5,963,306)	(4,557,214)
Proceeds from sales of investments	47,203,000	16,461,000
Purchases of investments	(43,209,381)	(30,783,057)
Increase in other assets	<u>(5,432)</u>	<u>(2,257)</u>
Net cash used in investing activities	<u>(1,975,119)</u>	<u>(18,881,528)</u>
Cash flows from financing activities:		
Contributions restricted for long-term investment	4,659,031	1,849,876
Principal repayments of long-term debt	<u>(193,817)</u>	<u>(161,703)</u>
Net cash provided by financing activities	<u>4,465,214</u>	<u>1,688,173</u>
Net decrease in cash and cash equivalents	(2,288,515)	(17,036,084)
Cash and cash equivalents, beginning of year	<u>4,113,221</u>	<u>21,149,305</u>
Cash and cash equivalents, end of year	<u>\$ 1,824,706</u>	<u>\$ 4,113,221</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ 152,918	\$ 158,949
Non-cash supplemental cash flow information:		
Capitalized costs included in construction costs and retainage payable	<u>\$ 1,128,671</u>	<u>\$ -</u>

See accompanying notes to consolidated financial statements.

# FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1 – Nature of Activities and Summary of Significant Accounting Policies

#### Nature of activities

FoundCare, Inc. and FoundCare Foundation, Inc. (collectively, FoundCare) are not-for-profit corporations created to fulfill unmet health care and social service needs of individuals and families in Palm Beach County, Florida. FoundCare provides pediatric and adult primary medical care, chronic disease specialty care, behavioral health services, dentistry laboratory services, and x-ray services in its Palm Springs, Florida location and provides medical and related services at various other locations in Palm Beach County. More than 27,000 patients received primary care, diagnosis, treatment services and social services provided by FoundCare during the year ended December 31, 2024. FoundCare's patients receive affordable access to quality healthcare and prevention services regardless of their ability to pay. FoundCare is a Federally Qualified Health Center (FQHC).

In addition, FoundCare provides and promotes education, advocacy, and compassion to individuals and families infected and affected by HIV and AIDS. FoundCare offers eligibility screening, case management, referral and linkage to medical care and medications, and health insurance assistance to more than 4,500 people living with HIV/AIDS.

In 2013, FoundCare received a federal grant from the Health Resources and Services Administration (HRSA) to operate its clinic(s) as Federally Qualified Health Center Primary Care Clinic(s). Federally qualified health centers (FQHCs) include all organizations receiving grants under Section 330 of the Public Health Service Act (PHS). FQHCs qualify for enhanced reimbursement from Medicare and Medicaid, as well as other benefits. FQHCs must serve an underserved area or population, offer a sliding fee scale, provide comprehensive services, have an ongoing quality assurance program, and have a governing board of directors. The main purpose of the FQHC Program is to be a "safety net" provider and enhance the provision of primary care services in underserved urban and rural communities.

The governing board of the FQHC is legally responsible for ensuring that the health center complies with federal, state, and local laws and regulations and is financially viable. The board must include a majority (at least 51 percent) of active, registered users of the health center(s) who are representative of the populations served by the center(s). The governing board ensures that the FQHCs are community based and responsive to the community's health care needs. FoundCare is governed by an 11-member Board of Directors responsible for administering and managing the operations of the FQHCs of FoundCare in accordance with Section 330 of the PHS.

In February 2023, FoundCare Foundation, Inc. (the Foundation) was incorporated for the benefit of FoundCare. The Foundation's purpose is to receive bequests, donations, and contributions on behalf of FoundCare and to provide other financial support to FoundCare and other tax-exempt organizations in the community to the extent that such contributions further FoundCare's tax-exempt purposes. The Foundation shall also provide fundraising and other support.

A summary of the significant accounting policies used to prepare the accompanying consolidated financial statements follow:

#### Principles of consolidation

The consolidated financial statements consolidate the statements of both FoundCare, inc. and FoundCare Foundation, Inc., collectively referred to as FoundCare. All intercompany transactions and accounts are eliminated in the consolidated financial statements.

**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued**

Basis of presentation

The consolidated financial statements of FoundCare have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which requires management to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions* – Net assets available for general use in operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets as board designated endorsement or other purposes.

*Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations, and certain grantors or will be met either by actions of FoundCare or the passage of time. Some donor restrictions are temporary in nature; these restrictions will be met by actions of FoundCare or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Cash and cash equivalents

Cash and cash equivalents include demand deposit and money market accounts and other highly liquid investments at December 31, 2024 and 2023.

Contributions

Contributions, including unconditional promises (pledges) to give, are recorded as revenue in the period the promise is received. Amounts received that are restricted by the donor to use in future periods, or for specific purposes, are reported as increases in net assets with donor restrictions consistent with the nature of the restriction. Unconditional promises to give that are expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible unconditional promises to give is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donor indicates that payment is merely postponed.

Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. FoundCare reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Non-cash contributions are measured at their estimated fair value at the date of donation. No such non-cash contributions were received for the years ended December 31, 2024 and 2023. 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 as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. A promise to give with a donor-imposed condition is not reported until the condition has been substantially met.

Grants revenue and receivables

FoundCare receives support from various federal, state, and local agencies, as well as, private foundations for program and support services. Grant receipts are subject to restrictions on the use of funds placed by the grantor. FoundCare administers these funds in accordance with the grantor guidelines. These grants are generally on a cost reimbursement basis, including recoverable overhead.

**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued**

Grants revenue and receivables, continued

Revenue from grants is recognized when all eligibility requirements are met, and allowable expenditures are made for the purposes specified under the various grant agreements. Grant funds that have been received but have not yet been expended for the purposes specified are reported as deferred revenue. Grants and contract transactions where the resource provider does not receive commensurate value are accounted for as contributions.

Grants receivable consist of costs under the grant agreements that were incurred prior to year-end, for which payment has not been received. Costs incurred that are recoverable under the grant agreements are stated at the amount management expects to collect on outstanding balances. Management provides for probable uncollectible amounts through a provision for uncollectible grants expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts, and others. Balances that are outstanding after management has used reasonable collection efforts are written-off through a charge to the valuation allowance and a credit to the applicable grants receivable. There was no allowance for doubtful collection for grants and contracts receivable as of December 31, 2024 and 2023.

Inventories

Inventories consist of pharmaceutical drugs and medical supplies at FoundCare's clinics and pharmacy. Inventories are determined on the first-in, first out (FIFO) basis and stated at the lower cost or net realizable value.

Investments

Investments consist of debt, equity or other marketable securities that do not meet the criteria of cash and cash equivalents and have readily determinable fair values. Net investment return includes dividends and realized and unrealized gains and losses on marketable securities measured at fair value, less external investment expenses. Net investment return is included in the consolidated statements of activities with donor restrictions if, by donor stipulation, they are restricted by purpose or time.

Board-designated assets

FoundCare has certain investments and cash and cash equivalents whose use has been limited by the Board of Directors for capital expenditures and as a reserve for unanticipated expenses.

Patient accounts receivable

Patient accounts receivable are reported the estimated transaction price from patients, third-party payors, and others for services rendered including the estimated retroactive adjustments under reimbursement agreements with third-party payors. FoundCare provides care to patients regardless of their ability to pay.

Patient accounts receivable are reduced for explicit and implicit price concessions. FoundCare grants credit without collateral to its patients, most of whom are residents in the communities that it services and are either insured under third-party payor agreements or uninsured. Patient accounts receivable are not collateralized. In establishing the estimate of collectability of accounts receivable, FoundCare analyzes its past history and collection patterns of its major payor revenue sources. These estimates are adjusted as appropriate for volume, service mix, and rate changes. Management regularly reviews data about these major payor sources of revenue as well as considers current and future economic and industry conditions in evaluating the sufficiency of these allowance and reserve estimates.

For receivables associated with self-pay patients (which include patients without insurance who are not covered by FoundCare's sliding fee discount program and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), FoundCare records an implicit discount in the period of service on the basis of its portion of their bill for which they are financially responsible.

**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued**

Patient accounts receivable, continued

The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted are considered a change in estimate of the implicit price concession.

FoundCare's allowance for credit losses for self-pay patients increased from 47% of self-pay patient accounts receivable at December 31, 2023, to 50% of self-pay patient accounts receivable at December 31, 2024. In addition, FoundCare's write-offs amounted to \$6,322,495 and \$6,326,925 for self-pay patients for the years ended December 31, 2024 and 2023, respectively, which were recorded as reductions of net patient service revenue. Patient accounts receivable balance at January 1, 2023, was \$3,438,892.

Property and equipment

Property and equipment is stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the estimated useful life or lease term. Betterments, renewals and extraordinary repairs that extend the life of the asset are capitalized. These estimated useful lives are summarized in the following table:

Equipment, fixtures and furniture	5 years
Software	5 years
Building and building improvements	39 years
Vehicles	5 years

Repairs and maintenance costs that increase the efficiency of the asset are expensed as incurred.

Impairment of long-lived assets

FoundCare reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing a review for impairment, FoundCare compares the carrying value of the assets with their estimated future undiscounted cash flows. If it is determined that impairment has occurred, the loss would be recognized during that period. The impairment loss is calculated as the difference between the asset's carrying value and the present value of estimated net cash flows or comparable market values, giving consideration to recent operating performance and pricing trends. Management does not believe that any material impairment exists related to its long-lived assets.

Donated services

No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in FoundCare's program services.

Net patient service revenue and pharmacy program

Patient care service revenue is reported at the amount that reflects the consideration to which FoundCare expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, FoundCare bills the patients and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued**

Net patient service revenue and pharmacy program, continued

Performance obligations are determined based on the nature of the services provided by FoundCare. Revenue for performance obligations satisfied at a point in time is generally recognized when services are provided to its patients and customers in a retail setting (pharmacy and 340B Drug Discount Program) and FoundCare does not believe it is required to provide additional goods or service related to those services.

FoundCare determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with FoundCare's policy, and implicit price concessions provided to uninsured patients. FoundCare determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. FoundCare determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

**Medicaid:** Services rendered to Medicaid beneficiaries are paid primarily based upon FoundCare's FQHC Medicaid encounter rate, adjusted effective October 1<sup>st</sup> of each year by a percentage increase in the Medicare Economic Index.

**Other payors:** Payment agreements with certain commercial health insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per visit or service provided, discounts from established charges and prospectively determined daily rates.

**Medicare:** Revenue from its Medicare program accounted for a portion of FoundCare's patient service revenue for 2024 and 2023. FoundCare's Medicare cost reports through the years ended December 31, 2024 and 2023, have been audited or settled. FoundCare's Medicare cost report has been filed for the years ended December 31, 2024 and 2023, and no liability was due. The final determination of amounts earned pursuant to the Medicare program for open years is subject to review by appropriate government agencies or their agents.

Centers for Medicare & Medicaid Services (CMS) has implemented a program using recovery audit contractors (RACs) as part of the CMS efforts to assure accurate payments. The program uses the RACs to review claims for potentially improper Medicare payments that may have been made to health care providers and were not detected through existing CMS program reviews. Once the RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement for the amount of the estimated overpayment or underpayment. FoundCare records an adjustment to revenue for any overpayment or underpayment at the time notice is received from the RAC and the amount can be reasonably estimated.

There were no material RAC adjustments, audit recoveries, or settlements for prior periods related to the Medicare program during 2024 and 2023, and no liability has been recorded for estimated RAC settlements at December 31, 2024 and 2023. Laws and regulations governing the Medicare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that the recorded estimates will change by a material amount in the near-term.

**Disproportionate share distributions:** The Low-Income Pool (LIP) program is a federal matching program that provides the State of Florida with the opportunity to receive additional federal distributions based on a capped annual allotment, which is distributed by the State of Florida to participating health care providers for eligible services. Local governments, such as counties, and the Florida Department of Health provide funding for the nonfederal share of the LIP distributions. Revenues from the LIP program are included in federal state and local grant revenue in the accompanying consolidated statements of activities which, for the years ended December 31, 2024 and 2023, approximated \$883,000 and \$1,061,000, respectively. The receipt of future distributions is contingent upon the continued support by the federal, state and local governments.

**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued**

Net patient service revenue and pharmacy program, continued

**Drug discount programs:** FoundCare participates in the 340B “Drug Discount Program” which is a federal program that enables qualified health care providers to purchase drugs from pharmaceutical suppliers at a substantial discount. The 340B Drug Discount Program is managed by the Health Resources Services Administration (HRSA) Office of Pharmacy Affairs. FoundCare earns revenue under this program by purchasing pharmaceuticals at a reduced cost to fill prescriptions for qualified patients. FoundCare has a network of participating pharmacies that dispense the pharmaceuticals to its patients under a contractual arrangement with FoundCare. Drug replenishment, administrative and filing fees are included in community health center and pharmacy program expense in the accompanying consolidated statements of activities. The 340B revenue is included in net pharmacy revenue in the accompanying consolidated statements of activities. FoundCare tracks separately the revenue and expenses related to the outpatient drugs provided under this program.

**Charity care:** In pursuing its commitment to fulfill unmet health care needs of all members of the community, FoundCare provides services to the financially disadvantaged, despite the lack or adequacy of payment for its services. FoundCare maintains records to identify and report the level of charity care it provides to the community. These records include the amount of charges foregone for health care services and costs to furnish it under FoundCare’s charity care guidelines.

Healthcare services are provided to patients who meet certain criteria under its sliding scale fee policy, without charge or at amounts less than established rates. FoundCare does not pursue collection of amounts determined to qualify as sliding fee care and they are not reported as revenue.

Charges foregone or discounted amounted to \$5,496,741 and \$5,714,208 in 2024 and 2023, respectively. The cost of providing this care, determined by applying the UDS-calculated cost per medical or dental visit times the number of applicable charity care visits, was approximately \$15,260,000 and \$15,255,000 for the years ended December 31, 2024 and 2023, respectively.

For uninsured patients who do not qualify under FoundCare’s charity care programs, FoundCare bills the patient based on FoundCare’s standard rates for services provided. Patient balances are typically due within 30 days of billing; however, FoundCare does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

**Pharmacy:** FoundCare participates in Section 340B of the Public Health Service Act (“PHS Act”), *Limitation on Prices of Drugs Purchased by Covered Entities*. Participation in this program allows FoundCare to purchase pharmaceuticals at discounted rates for prescriptions to eligible patients. Pharmacy revenue is generated through the contracted pharmacies and its agreement with a third-party administrator. Under this program, FoundCare uses the third-party administrator as its agent for the purpose of operating and managing contracted pharmacies. FoundCare also operates an in-house pharmacy. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to FoundCare’s pharmacy patients and customers, and FoundCare does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations relate to pharmacy sales contracts with a duration of less than one year, FoundCare has elected to apply the optional exemption provided in FASB ASC 606 10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. FoundCare’s performance obligations in relation to pharmacy revenue consist primarily of pharmacy sales that occur as the patient purchases the goods; thus, there were no unsatisfied or partially unsatisfied performance obligations at the end of the reporting period.

**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued**

Net patient service revenue and pharmacy program, continued

**Pharmacy, continued:** FoundCare determines the transaction price based on standard charges for goods provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with FoundCare's policy, and implicit price concessions provided to uninsured patients. FoundCare determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. FoundCare determines its estimate of implicit price concessions based on its historical collection experience with this class of patients. The 340B pharmacy receivable balance at January 1, 2023, was \$3,548,264.

Income taxes

FoundCare, Inc. and the Foundation are generally exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3). Accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements. FoundCare, Inc. and the Foundation are required to operate in conformity with the provisions of the IRC to maintain their exempt status. Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease. Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for the years 2024 or 2023. FoundCare is no longer subject to Internal Revenue Service (IRS) examinations for years prior to 2021.

Fair value disclosures

The consolidated financial statements provide for fair value disclosures for financial instruments for which it is practicable to estimate fair value. The fair value of FoundCare's cash and cash equivalents, receivables, and current liabilities approximate their carrying values due to the short-term nature of their maturities.

Functional expenses

The cost of providing FoundCare's programs and other activities has been summarized on a functional basis in the consolidated statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied. The consolidated statements of functional expenses present, by natural classification, the expenses of each program and support service. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

FoundCare generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences may be material.



**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued**

Leases

FoundCare classifies a lease as operating or finance using the classification criteria set forth in ASC 842, *Leases*. FoundCare recognizes a lease right-of-use (ROU) asset and a corresponding lease liability on its consolidated statement of financial position as of the lease commencement date based on the present value of the lease payments over the lease term. The discount rate used to calculate the present value of FoundCare's leases is based on FoundCare's incremental borrowing rate, which considers credit risk, the lease term, and other available information at the commencement date since the leases do not provide a readily determinable implicit rate. The term of a lease is inclusive of any option to renew, extend, or terminate the lease when it is reasonably certain that FoundCare will exercise such an option. For operating leases, lease expense is recognized on a straight-line basis over the lease term. FoundCare does not recognize lease assets or lease liabilities for leases with a term of twelve (12) months or less. Lease and non-lease components are recognized as a single lease component for FoundCare's operating leases.

Uncompensated absences

FoundCare allows regular full-time employees, with a minimum of three months' employment, to receive compensated absences (vacation and sick leave) based on length of service: 1 – 4 years, 136 hours; 5 – 9 years, 176 hours; and 10+ years, 216 hours. Employees are eligible to carry-over to the following year up to 40 hours of accrued time. Any hours above 40 hours at the end of the year will be forfeited. Upon termination, all accrued hours are paid to an employee at full value based on base hourly rates as of termination date. As of December 31, 2024 and 2023, accrued uncompensated absences were \$884,004 and \$560,815, respectively.

Performance indicator

The consolidated statements of activities and changes in net assets include increases in net assets prior to nonoperating activities as the performance indicator. FoundCare differentiates its operating activities through the use of income from operations as an intermediate measure of operations. Changes in net assets which are excluded from the performance indicator, consistent with industry practice, include DHHS grants for capital additions, loss on disposal of property and equipment, unrealized gains (losses) on investments and increase in contributions with donor restrictions.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current year presentation. This reclassification had no effect on FoundCare's consolidated financial position as of December 31, 2023, or reported consolidated statements of activities and cash flows for the year then ended.

**Note 2 – Availability of Resources and Liquidity**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2024 and 2023, are as follows:

	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,824,706	\$ 4,113,221
Investments (Note 7)	11,500,621	14,826,075
Unconditional promises to give (Note 8)	64,987	-
Grants and contracts receivable (Note 3)	6,810,513	3,842,172
Patient receivables, net of allowances (Note 5)	<u>9,829,224</u>	<u>7,098,013</u>
Total financial assets	30,030,051	29,879,481
Less: Donor restricted net assets	(2,584,708)	-
Less: Board designated amounts	<u>(12,476,465)</u>	<u>(17,348,916)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 14,968,878</u>	<u>\$ 12,530,565</u>

**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 2 – Availability of Resources and Liquidity, Continued**

In case of need, the Board of Directors could appropriate resources from its board reserve. As part of FoundCare's liquidity management, FoundCare invests cash in excess of daily requirements in short-term investments. The liquidity management plan incorporates a policy to structure FoundCare's financial assets to be available as general expenditures, liabilities, and other obligations become due. Board designated assets are restricted for use as approved by the Board of Directors and may be made available for general expenditure in certain circumstances.

**Note 3 – Grants and Contracts Receivable**

Grants and contracts receivable primarily consist of federal direct and indirect grant amounts due for reimbursement and private foundation grants which are summarized as follows at December 31, 2024 and 2023:

	2024	2023
Health Centers – Section 330	\$ 607,594	\$ 394,598
HRSA Behavioral Health Grant	200,000	-
Ryan White Part A	2,553,436	1,430,536
SAMHSA	306,432	185,202
Lost Tree Foundation – Riviera Beach Initiative	2,519,721	1,422,964
AHCA – State of Florida – Low Income Pool program	423,949	321,847
Other grants receivable	<u>199,381</u>	<u>87,025</u>
Total	<u>\$ 6,810,513</u>	<u>\$ 3,842,172</u>

**Note 4 – Grant Revenue**

FoundCare is the recipient of a Health Center Program Clusters (HCP) grant from the U.S. Department of Health and Human Services (HHS). The general purpose of the grant is to provide expanded health care service delivery for the medically underserved population in Palm Beach County. Terms of the grant generally provide for funding of FoundCare's operations based on an approved budget. Grant revenue is recognized as qualifying expenditures are incurred over the grant period. During the years ended December 31, 2024 and 2023, FoundCare received \$3,043,798 and \$4,281,611, respectively, in HCP grant funds.

In addition to the above grant, FoundCare received additional financial support from other federal, state, local and private sources. Generally, such support requires compliance with terms and conditions specified in the grant agreements and must be renewed on an annual basis.

**Note 5 – Net Patient Service Revenue and Pharmacy Program**

FoundCare is approved as a Federal Qualified Health Center (FQHC) for both Medicare and Medicaid reimbursement purposes. FoundCare has agreements with third-party payors that provide payments to FoundCare at amounts different from its established rates. These arrangements include Medicaid Covered FQHC services rendered to Medicaid program beneficiaries which are paid based on a cost reimbursement methodology. FoundCare is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by FoundCare and audit thereof by the Medicare fiscal intermediary. Laws and regulations governing Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near-term. Approximately 66% and 67%, respectively, of net patient revenue is from participation in the Medicare and Medicaid programs for the years ended December 31, 2024 and 2023.

**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 5 – Net Patient Service Revenue and Pharmacy Program, Continued**

The Medicare intermediary for Medicare patients reimburses for services rendered to Medicare program beneficiaries under an all-inclusive rate for each visit that is subject to audit and retroactive adjustments. Management does not believe that the ultimate outcome of any cost report audit will have a significant impact on FoundCare's consolidated financial statements.

FoundCare also has payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to FoundCare under these arrangements includes prospectively determined rates per unit of service and discounts on established charges.

Patient service revenue and pharmacy program revenue, net of contractual allowance discounts and reserve for expected credit losses, recognized for the years ended December 31, 2024 and 2023, is summarized as follows:

	2024	2023
Medicare	\$ 1,133,594	\$ 1,415,536
Medicaid	6,699,022	6,513,717
Other third-party payors	1,951,970	1,002,241
Self-pay	768,397	1,186,211
Pharmacy	<u>29,932,562</u>	<u>27,314,517</u>
Total	<u>\$ 40,485,545</u>	<u>\$ 37,432,222</u>

Patient service revenue is summarized as follows for the years ended December 31, 2024 and 2023:

	2024	2023
Revenue at standard rates	\$ 62,481,900	\$ 58,013,325
Contractual allowances, discounts and reserves	<u>(21,996,355)</u>	<u>(20,581,103)</u>
Net patient service and pharmacy program revenue	<u>\$ 40,485,545</u>	<u>\$ 37,432,222</u>

Patient receivables, net of allowances are summarized as follows at December 31, 2024 and 2023:

	2024	2023
Medicare	\$ 261,700	\$ 310,913
Medicaid	2,302,168	1,636,964
Other third-party payers	657,476	190,043
Self-pay	561,117	1,132,346
Pharmacy	<u>8,042,639</u>	<u>5,285,071</u>
Subtotal	11,825,100	8,555,337
Contractual and other allowances	<u>(1,995,876)</u>	<u>(1,457,324)</u>
Patient receivables, net of allowances	<u>\$ 9,829,224</u>	<u>\$ 7,098,013</u>

FoundCare provides care to patients who meet certain criteria under its charity care policy at amounts less than its established rates. Allowances granted to patients under this policy were approximately 88% and 81% of total standard fees for 2024 and 2023, respectively.

**Note 6 – 340B Drug Pricing Program**

FoundCare, as an FQHC, is eligible to participate in the 340B Drug Pricing Program (340B Program). This program requires drug manufacturers to provide outpatient drugs to FQHCs and other covered entities at a reduced price. FoundCare contracts with local pharmacies under this program. The contract pharmacies dispense drugs to eligible patients of FoundCare and bill commercial insurances on behalf of FoundCare. Reimbursement received by the contract pharmacies is remitted to FoundCare, less dispensing and administrative fees.

**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 6 – 340B Drug Pricing Program, Continued**

The dispensing and administrative fees are costs of the program and not deemed to be implicit price concessions which would reduce the transaction price. FoundCare recognizes revenue in the amounts that reflect the consideration to which it expects to be entitled in exchange for the prescription after the amount has been determined by the pharmacy benefits manager.

The program is overseen by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA). HRSA is currently conducting routine audits of these programs at health care organizations and increasing its compliance monitoring processes. Laws and regulations governing the 340B Program are complex and subject to interpretation. Management believes that FoundCare is in compliance with all laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicare, Medicaid and 340B programs. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in patient service revenue in the year that such amounts become known. As a result, it is reasonably possible that material changes to amounts related to the 340B Program could occur in the near-term.

**Note 7 – Investments**

A summary of investments, by investment type, at December 31, 2024 and 2023 follows:

	2024	2023
Common stocks	\$ 172,137	\$ 136,244
U.S. Treasury bills	<u>11,328,484</u>	<u>14,689,831</u>
	<u>\$ 11,500,621</u>	<u>\$ 14,826,075</u>

The following schedule summarizes the net investment return on investments for the years ended December 31, 2024 and 2023 (all without donor restrictions activity included in other revenue):

	2024	2023
Interest and dividend income	\$ 18,947	\$ 369,066
Unrealized and realized gains, net	<u>668,165</u>	<u>384,093</u>
Net investment return	<u>\$ 687,112</u>	<u>\$ 753,159</u>

**Note 8 – Unconditional Promises to Give**

As of December 31, 2023, FoundCare had no unconditional promises to give. Unconditional promises to give consist of capital campaign pledges totaling \$64,987 at December 31, 2024. As of December 31, 2024, unconditional promises to give are due within one year.

**Note 9 – Fair Value Measurements**

Accounting guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 – Quoted prices are available in active markets for identical securities as of the reporting date.

**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 9 – Fair Value Measurements, Continued**

Level 2 – Pricing inputs are other than quoted prices in active markets which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models and other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the security and include situations where there is little, if any, market activity for the security. The inputs into the determination of the fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of fair value hierarchy. In such cases, security level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. FoundCare's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The following tables set forth, by level within the fair value hierarchy, the FoundCare's investments, measured at fair value on a recurring basis as of December 31, 2024 and 2023:

Fair Value Measurement at December 31, 2024				
	Level 1	Level 2	Level 3	Total
Common stocks	\$ 172,137	\$ -	\$ -	\$ 172,137
U.S. Treasury bills	<u>11,328,484</u>	<u>-</u>	<u>-</u>	<u>11,328,484</u>
	<u>\$ 11,500,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,500,621</u>
Fair Value Measurement at December 31, 2023				
	Level 1	Level 2	Level 3	Total
Common stocks	\$ 136,244	\$ -	\$ -	\$ 136,244
U.S. Treasury bills	<u>14,689,831</u>	<u>-</u>	<u>-</u>	<u>14,689,831</u>
	<u>\$ 14,826,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,826,075</u>

**Note 10 – Property and Equipment**

Property and equipment as of December 31, 2024 and 2023 consists of the following:

	2024	2023
Land	\$ 1,561,695	\$ 1,561,695
Building and building improvements	15,798,966	15,788,441
Equipment, fixtures and furniture	1,998,718	1,903,393
Software	737,417	665,273
Vehicles	1,165,965	578,150
Leasehold improvements	<u>85,231</u>	<u>85,231</u>
	21,347,992	20,582,183
Less: accumulated depreciation	<u>(7,103,112)</u>	<u>(6,182,019)</u>
Operating property and equipment, net	14,244,880	14,400,164
Construction in progress	<u>10,344,636</u>	<u>4,019,862</u>
Property and equipment, net	<u>\$ 24,589,516</u>	<u>\$ 18,420,026</u>

Depreciation for the years ended December 31, 2024 and 2023, amounted to \$922,487 and \$841,638, respectively. As of December 31, 2024 and 2023, construction in progress consisted of construction costs incurred toward the build-out of new health clinic facilities in Riviera Beach, Florida, including related capitalized costs.

**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 10 – Property and Equipment, Continued**

As part of the Riviera Beach, Florida construction project, FoundCare executed a ground lease with the City of Riviera Beach, Florida (City) and The City of Riviera Beach Community Redevelopment Authority (CRA) to lease 2.37 acres of land for a period of 99 years with the provision that a portion of the facility include a 5,000 square foot facility for the free use by the CRA.

**Note 11 – Accrued Expenses**

Accrued expenses at December 31, 2024 and 2023, consists of the following:

	2024	2023
Accrued payroll, payroll taxes and benefits	\$ 1,137,343	\$ 611,686
Accrued compensated absences	884,004	560,815
340B Pharmacy inventory purchase	436,009	624,725
Other accrued expenses	987,055	246,189
	<u>\$ 3,444,411</u>	<u>\$ 2,043,415</u>

**Note 12 – Deferred Grant Revenue**

During 2024 and 2023, FoundCare received advanced payments under grant agreements from various private foundations to support several initiatives of FoundCare which included the construction of a new Health Clinic in Riviera Beach and, the purchase and refurbishment of its mobile clinic. FoundCare received advanced payments for certain of these grants from the various private foundations during the years ended December 31, 2024 and 2023, and recognized contribution support of \$0 and \$1,255,397, respectively, on the advanced grant payments.

As part of the capital project to build FoundCare's new Riviera Beach Health Initiative (Riviera Beach Initiative), FoundCare received a grant in the amount of \$500,000 from the Quantum Foundation (Quantum) in December 2024. The Riviera Beach Initiative is FoundCare's capital project to construct a new health clinic in the City of Riviera Beach, Florida. Construction on the Riviera Beach Initiative is expected to be completed during the year ending December 31, 2025.

**Note 13 – Long-Term Debt**

Promissory note

FoundCare has a promissory note with a financial institution which bears interest at a fixed rate of 4.50% through June 2028 at which time the interest will be reset as defined in the related loan agreement. The promissory note matures in June 2038, and is collateralized by FoundCare's real property and business assets. As of December 31, 2024 and 2023, the outstanding balance of the promissory note was \$3,226,280 and \$3,395,078, respectively. FoundCare is subject to certain financial covenants under the promissory note. All covenants have been met or waived through December 31, 2024.

Seller's note payable

During 2023, FoundCare purchased a medical office facility in North Palm Beach, Florida. As part of the purchase agreement, the seller issued a note (Seller's note) in the amount of \$100,000. The Seller's note requires annual principal payments of \$25,000 through its maturity in June 2027. The timing of the Seller's note principal payments may change subject to the provision in the Seller's note, which management deems the likelihood of such events to be remote. The Seller's note is non-interest bearing and management determined imputed interest on the Seller's note was not material. As of December 31, 2024, the outstanding balance of the Seller's note was \$75,000.

**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 13 – Long-Term Debt, Continued**

Seller's note payable, continued

The outstanding balance of long-term debt at December 31, is presented as follows:

	<u>2024</u>	<u>2023</u>
Long-term debt	\$ 3,301,261	\$ 3,495,078
Less: unamortized debt issuance costs	<u>(51,390)</u>	<u>(54,090)</u>
Subtotal	3,249,871	3,440,988
Less: current portion	<u>(202,102)</u>	<u>(193,798)</u>
Total long-term debt, net	<u>\$ 3,047,769</u>	<u>\$ 3,247,190</u>

Amortization of the debt issuance costs is reported as interest expense in the accompanying consolidated statements of activities and amounted to \$2,700 for each of the years ended December 31, 2024 and 2023.

Principal payments required on long-term debt in years subsequent to December 31, 2024, are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 202,102
2026	210,353
2027	218,989
2028	<u>2,669,817</u>
Total	<u>\$ 3,301,261</u>

**Note 14 – Leases**

As lessee:

FoundCare's lease arrangements primarily pertain to certain medical facilities and office buildings under non-cancelable operating leases which expire in various years through September 2034. FoundCare evaluates whether a contractual arrangement that provides it with control over the use of an asset is, or contains, a lease at the inception date. The term of the lease is inclusive of an option to renew, extend, or terminate the lease when it is reasonably certain that FoundCare will exercise such option.

Variable lease payments that do not depend on an index or rate or resulting from changes in an index rate subsequent to the lease commencement date, are recorded as lease expense in the period in which the obligation for the payment is incurred. FoundCare's ROU assets are increased by any prepaid lease payments and initial direct costs and reduced by any lease incentives. FoundCare's leases do not contain any material residual value guarantees or restrictive covenants. ROU assets represent FoundCare's right to use an underlying asset during the lease term and its lease liabilities represent FoundCare's obligation to make lease payments arising from the lease.

FoundCare's operating lease ROU assets are included as a noncurrent asset and its operating lease liabilities as lease liabilities, net included as other long-term liabilities, and the current portion of lease liabilities as a current liability in FoundCare's consolidated statements of financial position.

The following table presents FoundCare's operating lease ROU assets and lease liabilities at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating lease right-of-use asset	<u>\$ 1,128,040</u>	<u>\$ 1,335,845</u>
Operating lease liability:		
Current portion	\$ 221,114	\$ 225,387
Operating lease liability - noncurrent	<u>929,805</u>	<u>1,122,495</u>
Total operating lease liability	<u>\$ 1,150,919</u>	<u>\$ 1,347,882</u>

**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 14 – Leases, Continued**

As lessee, continued:

The following table represents the components of lease expense for the years ended December 31, 2024 and 2023:

	2024	2023
Operating lease expense	\$ 364,852	\$ 393,357
Short-term lease	<u>9,335</u>	<u>526</u>
Total lease cost	<u>\$ 374,187</u>	<u>\$ 393,883</u>

The following table presents a maturity analysis of FoundCare's lease liabilities as of December 31, 2024 for the next five years and thereafter:

Year Ending December 31,	Minimum Lease Payments
2025	\$ 258,269
2026	185,798
2027	132,467
2028	135,526
2029	138,710
Thereafter	<u>510,950</u>
Total minimum lease payments	1,361,720
Less: imputed interest	<u>(210,801)</u>
Present value of minimum lease payments	<u>\$ 1,150,919</u>

The following table presents the weighted average remaining lease term and discount rate of FoundCare's operating leases at December 31, 2024 and 2023:

	2024	2023
Weighted average remaining lease term (in years)	7.51	8.0
Weighted average discount rate	4.50%	4.50%

The following table presents supplemental disclosure of cash flow information associated with FoundCare's operating leases for the years ended December 31, 2024 and 2023:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating lease payments	<u>\$ 354,010</u>	<u>\$ 381,320</u>

As lessor:

FoundCare leases certain office space to a third-party tenant at a commercial property it owns in West Palm Beach, Florida. The commercial building is not encumbered by FoundCare's promissory note (see Note 13). Rental income is included in other revenue in the accompanying consolidated statements of activities and, for the years ended December 31, 2024 and 2023, totaled \$145,346 and \$146,111, respectively. The net book value of the commercial property is approximately \$5,278,000 at December 31, 2024. The lease expires in May 2026.



**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 14 – Leases, Continued**

As lessee, continued:

As of December 31, 2024, minimum future rental payments to be received (as lessor) under non-cancelable operating leases having a term of more than one year are as follows:

Year Ending December 31,	Amount
2025	\$ 153,395
2026	<u>64,441</u>
Total	<u>\$ 217,836</u>

**Note 15 – Employee Benefit Plan**

FoundCare maintains a 403(b) Tax Sheltered Annuity Plan (the Plan) for the benefit of substantially all eligible employees. Employees are eligible if they are eighteen years old and have performed services for the employer for the past three months and may make contributions up to 15% of their compensation. FoundCare can make discretionary matching contributions up to 5% after one year of credited service. For the years ended December 31, 2024 and 2023, FoundCare provided discretionary matching contributions to the Plan in the amount of \$443,231 and \$351,327, respectively.

**Note 16 – Medical Malpractice Claims**

The U.S. Department of Health and Human Services has deemed FoundCare and its practicing providers covered under the Federal Tort Claims Act (FTCA) for damage for personal injury, including death, resulting from the performance of medical, surgical, dental and related functions. FTCA coverage is comparable to an occurrence policy without a monetary cap. U.S. GAAP requires a health care provider to accrue the expense of its share of malpractice claims costs, if any, for any reported and unreported incidents of potential improper professional services occurring during the year by estimating the probable ultimate costs of the incidents.

Based upon FoundCare's claim experience, no such accrual has been made. However, because of the risk in providing health care services, it is possible that an event has occurred which will be the basis of a future material claim. Management is not aware of any pending claims that exceed the limitations provided by this coverage.

FoundCare purchases medical malpractice coverage under claims-made policies for claims that are not covered under the scope of the FTCA. Under these policies, only claims made and reported to the insurer are covered under the policy term, regardless of when the incident giving rise to the claim occurred.

**Note 17 – Contingencies and Regulatory Risks**

FoundCare is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. This coverage in 2024 has not changed significantly from the previous year. Settled claims from these risks have not exceeded commercial insurance coverage for any of the periods presented.

In the ordinary course of business, FoundCare may be a party to claims and legal actions. While the outcome cannot be determined at this time, management's opinion is the liability, if any, from these actions will not have a material adverse effect on FoundCare's consolidated financial position.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 17 – Contingencies and Regulatory Risks, Continued**

These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement received for patient services provided. While FoundCare is subject to similar regulatory reviews, there are no reviews currently under way, and management believes that the outcome of any potential regulatory review will not have a material adverse effect on FoundCare's financial position.

Management believes that FoundCare has generally complied with applicable laws and regulations that could have a material impact on the financial statements of FoundCare and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing or noncompliance.

FoundCare receives a substantial amount of its revenue and support from federal program funding which is passed through various state and local governmental entities. A significant reduction in the level of this support, if this were to occur, would have a significant effect on FoundCare's services and activities. Other grants represent amounts received from the local grant funding agencies.

Legal matters

From time to time, and in the ordinary course of business, various matters occur that may or do result in legal action. FoundCare evaluates such claims and allegations based on the advice of legal counsel and, if a loss is both probable and reasonably estimated, reserves for such losses. No such loss reserve for legal matters was recorded as of December 31, 2024 and 2023.

**Note 18 – Concentration Risks**

FoundCare maintains its cash and cash equivalents with two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) and FoundCare has not experienced any losses in such accounts. FoundCare has an arrangement with a financial institution of certain savings accounts whereby it maintains a fully insured reciprocal depository arrangement with multiple financial institutions in order to maintain the related savings account balances within federally insured limits. As of December 31, 2024, cash and cash and equivalents exceeded federally insured limits by approximately \$928,000.

FoundCare grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor arrangements. The mix of receivables from patients and third-party payors at December 31, 2024 and 2023, was:

	2024	2023
Self-pay, pharmacy, private insurers, and other	79%	81%
Medicare	2%	4%
Medicaid	19%	15%
	<u>100%</u>	<u>100%</u>

For the years ended December 31, 2024 and 2023, federal grant awards directly by or passed through from the U.S. Department of Health and Human Services represented approximately 100% and 96%, respectively, of public support.

**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 18 – Concentration Risks, Continued**

The current economic environment presents community health centers with difficult circumstances and challenges. As employers make adjustments to health insurance plans or more patients become unemployed, certain patients may find it difficult to pay for services rendered. Further, the effect of economic conditions on federal and state budgets could impact the grant revenues available to community health centers and the programs they administer. Each of these factors could have an adverse impact on FoundCare's future operating results.

**Note 19 – Health Care Reform**

The Patient Protection and Affordable Care Act (ACA) allowed for the expansion of Medicaid members in the State of Florida. Any further federal or state changes in funding could have an impact on FoundCare. With the changes in the executive branch, the future of ACA and the impact of future changes in Medicaid on FoundCare are uncertain.

**Note 20 – Net Assets**

Net assets with donor restrictions at December 31, 2024 and 2023 are available to support the following purposes:

	<u>2024</u>	<u>2023</u>
Purpose and time restrictions:		
Capital campaign	<u>\$ 2,584,708</u>	<u>\$ -</u>

Net assets released from restrictions

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of events as specified by the donors. Net assets were released from restrictions during the years ended December 31, 2024 and 2023 for the following purposes:

	<u>2024</u>	<u>2023</u>
Capital campaign - Riviera Beach project	\$ 3,305,793	\$ 3,322,840
FoundCare operations	-	205,529
Mobile van	-	557,433
	<u>\$ 3,305,793</u>	<u>\$ 4,085,802</u>

Board-designated net assets

The Board of Directors of FoundCare, Inc. has designated net assets without donor restrictions for the following purposes as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating reserves	\$ 10,476,465	\$ 15,348,916
Riviera Beach Initiative	<u>2,000,000</u>	<u>2,000,000</u>
	<u>\$ 12,476,465</u>	<u>\$ 17,348,916</u>

Reserves designated by the Board of Directors of FoundCare, Inc. include an allocation for unanticipated expenses in FoundCare's health programs, operating reserves, reserves for capital and program development as well as a capital reserve to fund construction and start-up costs for FoundCare's Riviera Beach Initiative.

**FOUNDCARE, INC. AND FOUNDCARE FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**Note 21 – Subsequent Events**

Subsequent to December 31, 2024, the Foundation's Board of Directors approved the dissolution of the Foundation with the remaining net assets of the Foundation to be transferred to FoundCare, Inc. before December 31, 2025.

Management evaluated events occurring subsequent to December 31, 2024 through August 27, 2025, the date on which the consolidated financial statements were available to be issued, for matters that should be recorded in the consolidated financial statements or disclosed in the footnotes thereto.

## **SUPPLEMENTARY INFORMATION**

**FOUNDCARE, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2024**

Federal Grantor / Pass-Through Grantor / Program Title for the year ended December 31, 2024	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures
<b>U.S. Department of Health and Human Services:</b>			
<b>Direct awards:</b>			
Health Center Cluster (February 2023 - January 2024)	93.224		\$ 116,272
Health Center Cluster (February 2024 - January 2025)	93.224		<u>3,046,507</u>
Total Health Center Cluster			3,162,779
New and Expanded Services under Health Center Program	93.527	H8LCS51998-01	81,019
HIV Prevention Activities Non-Governmental Organization Based	93.939	NU62PS924717-02	<u>441,625</u>
<b>Total U.S. Department of Health and Human Services - Direct Awards</b>			<u>3,685,423</u>
<b>Total Direct Awards</b>			<u><b>3,685,423</b></u>
<b>U.S. Department of Health and Human Services:</b>			
<b>Indirect awards passed through:</b>			
Palm Beach County, Board of County Commissioners:			
Ryan White HIV/AIDS Treatment Modernization Act - Part A	93.914	R2022-1009 Amend.	615,722
Ryan White HIV/AIDS Treatment Modernization Act - Part A	93.914	R2023-1009 Amend.	<u>2,471,084</u>
Total Ryan White HIV/AIDS Treatment Modernization Act			<u>3,086,806</u>
Health Services and Resource Administration; Passed through State of Florida Department of Health:			
Ryan White Care Act Part B / Minority AIDS Initiative/ARTAS	93.917	CODRL	<u>150,000</u>
Total Ryan White CARE Act Part B / Minority AIDS Initiative/ARTAS			<u>150,000</u>
Health Department Based:			
Centers for Disease Control - HIV Prevention Activities	93.940	CODPG	<u>325,000</u>
Substance Abuse and Mental Health Services Administration:			
Integrating Behavioral Health Services with HIV Primary Care	93.243	6H79SM086188-02	112,367
Integrating Behavioral Health Services with HIV Primary Care	93.243	6H79SM086188-03	<u>372,553</u>
Total Substance Abuse and Mental Health Services Administration			<u>484,920</u>
<b>Total Indirect Awards</b>			<u><b>4,046,726</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 7,732,149</b></u>

None of the expenditures presented in this schedule were provided to subrecipients, were for loan or loan guarantee programs or noncash assistance.

See accompanying notes to schedule of expenditures of federal awards.

## FOUNDCARE, INC.

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

#### **Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of FoundCare, Inc. (FoundCare, Inc. or the Organization) under programs of the federal government for the year ended December 31, 2024, and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of FoundCare, Inc., it is not intended to, and does not, present the consolidated financial position, changes in net assets, or cash flows of FoundCare, Inc. and Consolidated Affiliate.

#### **Note 2 – Summary of Significant Accounting Policies for Federal Award Expenditures**

FoundCare, Inc. and federal agencies use an indirect cost rate to charge indirect costs to individual sponsored projects. The rate is the result of a number of cost allocation procedures that FoundCare, Inc. uses to allocate its indirect costs to both sponsored and non-sponsored activities. The indirect costs allocated to sponsored projects are divided by the direct costs of sponsored projects to arrive at a rate. The U.S. Department of Health and Human Services (HHS) must approve the rate before FoundCare, Inc. can use it to charge indirect costs to federally sponsored projects.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Expenditures consist of direct and indirect costs. Direct costs are those that can be readily identified with an individual federally sponsored project.

#### **Note 3 – Indirect Cost Rate**

FoundCare, Inc. has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance unless it is contractually required to use the 10 percent de minimis indirect cost rate in which case it applied the 10 percent de minimis cost rate.

#### **Note 4 – Loan**

FoundCare, Inc. did not expand federal awards related to loans or loan guarantees during the year.

#### **Note 5 – Federally Funded Insurance**

FoundCare, Inc. has no federally funded insurance.

#### **Note 6 – Subrecipients**

There were no payments to subrecipients for the year ended December 31, 2024.

#### **Note 7 – Noncash Assistance**

FoundCare, Inc. did not receive any federal noncash assistance for the year ended December 31, 2024.



## **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  
FoundCare, Inc. and FoundCare Foundation, Inc.  
West Palm Beach, Florida

We have audited, 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, the consolidated financial statements of FoundCare, Inc. and FoundCare Foundation, Inc., non-profit organizations, (FoundCare), which comprise the consolidated statement of financial position as of December 31, 2024, 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 August 27, 2025.

### **Internal Control Over Financial Reporting**

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether FoundCare's consolidated 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Templeton & Company, LLP*

West Palm Beach, Florida  
August 27, 2025



## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
FoundCare, Inc. and FoundCare Foundation, Inc.  
West Palm Beach, Florida

### **Report on Compliance for Each Major Federal Program Opinion on Each Major Federal Program**

We have audited FoundCare, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of FoundCare, Inc.'s major federal programs for the year ended December 31, 2024. FoundCare, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### **Responsibilities of Management for Compliance**

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

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on FoundCare, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about FoundCare, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 FoundCare, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding FoundCare, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of FoundCare, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

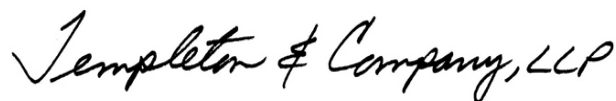
### **Report on Internal Control over Compliance**

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

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

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

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



West Palm Beach, Florida  
August 27, 2025

FOUNDCARE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2024

Part I – Summary of Auditor's Results:

Financial statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal awards:

Type of auditor's report on compliance for major programs	Unmodified
Internal control over compliance for major programs:	
Material weaknesses identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	None reported
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of major programs:

Dollar threshold used to distinguish Type A and Type B Program	\$750,000
Auditee qualified as low-risk auditee?	Yes

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.914	Ryan White HIV/AIDS Treatment Modernization Act – Part A
93.243	Integrating Behavioral Health Services with HIV Primary Care

Part II – Financial Statement Findings and Questioned Costs

We noted no material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

**FOUNDCARE, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**For the Year Ended December 31, 2024**

**Part III – Federal Award Findings and Questioned Costs**

This section identifies reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance as well as the status of prior year findings and questioned costs.

Current Year's Findings and Questioned Costs

No reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance, were reported for the year ended December 31, 2024.

Prior Year Findings and Questioned Costs

No reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance, were reported for the year ended December 31, 2023.