

CHILDREN OF BELLEVUE, INC.

**Financial Statements as of
December 31, 2021 and 2020
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

January 13, 2023

The Board of Directors of
Children of Bellevue, Inc.:

Opinion

We have audited the financial statements of Children of Bellevue, Inc. which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children of Bellevue, Inc. as of December 31, 2021 and 2020, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Children of Bellevue, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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INDEPENDENT AUDITOR'S REPORT

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2023 on our consideration of Children of Bellevue, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Children of Bellevue, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Children of Bellevue, Inc.'s internal control over financial reporting and compliance.

CHILDREN OF BELLEVUE, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	460,076	460,703
Investments	1,153,761	1,140,863
Contributions receivable	31,801	20,683
Furniture and fixtures (Net of accumulated depreciation of \$49,255 and \$43,366 in 2021 and 2020, respectively)	<u>18,670</u>	<u>5,059</u>
Total assets	<u>\$ 1,664,308</u>	<u>\$ 1,627,308</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	30,968	18,668
Deferred revenue	<u>1,400</u>	<u>1,400</u>
Total liabilities	32,368	20,068
NET ASSETS:		
Without donor restrictions	833,632	872,106
With donor restrictions	<u>798,308</u>	<u>735,134</u>
Total net assets	<u>1,631,940</u>	<u>1,607,240</u>
Total liabilities and net assets	<u>\$ 1,664,308</u>	<u>\$ 1,627,308</u>

The accompanying notes are an integral part of these statements.

CHILDREN OF BELLEVUE, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT:						
Contributions	\$ 320,823	\$ 153,591	\$ 474,414	\$ 301,977	\$ 614,747	\$ 916,724
Return on investments	(2,366)	9,406	7,040	3,234	7,057	10,291
In-kind contributions	49,995	-	49,995	54,672	-	54,672
Miscellaneous	1,385	-	1,385	4,410	-	4,410
Net assets released from donor restrictions	<u>99,823</u>	<u>(99,823)</u>	<u>-</u>	<u>369,557</u>	<u>(369,557)</u>	<u>-</u>
Total revenue and other support	<u>469,660</u>	<u>63,174</u>	<u>532,834</u>	<u>733,850</u>	<u>252,247</u>	<u>986,097</u>
EXPENSES:						
Program services	144,742	-	144,742	379,455	-	379,455
General and administrative	336,602	-	336,602	329,832	-	329,832
Fundraising	<u>26,790</u>	<u>-</u>	<u>26,790</u>	<u>41,303</u>	<u>-</u>	<u>41,303</u>
Total expenses	<u>508,134</u>	<u>-</u>	<u>508,134</u>	<u>750,590</u>	<u>-</u>	<u>750,590</u>
CHANGE IN NET ASSETS	(38,474)	63,174	24,700	(16,740)	252,247	235,507
NET ASSETS - beginning of year	<u>872,106</u>	<u>735,134</u>	<u>1,607,240</u>	<u>888,846</u>	<u>482,887</u>	<u>1,371,733</u>
NET ASSETS - end of year	<u>\$ 833,632</u>	<u>\$ 798,308</u>	<u>\$ 1,631,940</u>	<u>\$ 872,106</u>	<u>\$ 735,134</u>	<u>\$ 1,607,240</u>

The accompanying notes are an integral part of these statements.

CHILDREN OF BELLEVUE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services						Supporting Services			Total	
	Child <u>Life</u>	Child <u>Protection</u>	Adolescent and Child <u>Psychiatry</u>	Reach Out and Read	Social <u>Work</u>	Other <u>Programs</u>	Total Program <u>Services</u>	General and <u>Administrative</u>	Fundraising		Total Supporting <u>Services</u>
Salaries and wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,167	\$ -	\$ 192,167	\$ 192,167
Payroll taxes and fringe benefits	-	-	-	-	-	-	-	36,255	-	36,255	36,255
Children's activities and trips	3,609	-	41,954	30,476	3,660	-	79,699	-	-	-	79,699
Professional fees	30,240	-	-	10,190	-	-	40,430	27,193	-	27,193	67,623
Supplies	10,776	2,101	-	-	-	1,758	14,635	64,568	-	64,568	79,203
Printing and newsletter	-	-	-	-	-	-	-	1,414	-	1,414	1,414
Conferences and training	2,807	6,834	-	-	-	-	9,641	17	-	17	9,658
Dues and subscriptions	-	-	-	-	-	-	-	2,835	-	2,835	2,835
Banking fees	-	-	-	-	-	-	-	589	-	589	589
Travel and transportation	-	138	83	-	-	-	221	-	-	-	221
Filing fees	-	-	-	-	-	-	-	1,750	-	1,750	1,750
Recruitment	-	-	-	-	-	-	-	464	-	464	464
Caterer, entertainment, and facility rental	-	-	-	-	-	-	-	-	26,152	26,152	26,152
Website	-	-	-	-	-	-	-	3,361	-	3,361	3,361
Other expenses	-	-	-	-	-	116	116	100	638	738	854
Depreciation	-	-	-	-	-	-	-	5,889	-	5,889	5,889
Total expenses reported by function on the statement of activities	\$ 47,432	\$ 9,073	\$ 42,037	\$ 40,666	\$ 3,660	\$ 1,874	\$ 144,742	\$ 336,602	\$ 26,790	\$ 363,392	\$ 508,134

The accompanying notes are an integral part of these statements.

CHILDREN OF BELLEVUE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services							Supporting Services			Total	
	Child Life	Child Protection	Video Interaction Program	Adolescent and Child Psychiatry	Reach Out and Read	Social Work	Other Programs	Total Program Services	General and Administrative	Fundraising		Total Supporting Services
Salaries and wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,784	\$ -	\$ 196,784	\$ 196,784
Payroll taxes and fringe benefits	-	-	-	-	-	-	-	-	43,246	-	43,246	43,246
Children's activities and trips	2,148	499	-	32,513	8,879	4,502	-	48,541	-	-	-	48,541
Professional fees	17,305	79,712	159,570	-	4,528	-	-	261,115	24,600	-	24,600	285,715
Supplies	7,140	1,390	9,918	-	-	-	38,674	57,122	49,467	-	49,467	106,589
Printing and newsletter	-	-	-	-	-	-	-	-	833	-	833	833
Conferences and Training	730	1,382	7,450	-	414	-	-	9,976	1,500	-	1,500	11,476
Dues and subscriptions	-	-	-	-	-	-	-	-	3,016	-	3,016	3,016
Banking fees	-	-	-	-	-	-	-	-	365	-	365	365
Insurance	-	-	-	-	-	-	-	-	1,934	-	1,934	1,934
Travel and transportation	-	59	-	2,130	46	-	-	2,235	26	-	26	2,261
Caterer, entertainment, and facility rental	-	-	-	-	-	-	-	-	-	40,295	40,295	40,295
Website	-	-	-	-	-	-	-	-	3,710	-	3,710	3,710
Other expenses	366	-	-	100	-	-	-	466	86	1,008	1,094	1,560
Depreciation	-	-	-	-	-	-	-	-	4,265	-	4,265	4,265
Total expenses reported by function on the statement of activities	\$ 27,689	\$ 83,042	\$ 176,938	\$ 34,743	\$ 13,867	\$ 4,502	\$ 38,674	\$ 379,455	\$ 329,832	\$ 41,303	\$ 371,135	\$ 750,590

The accompanying notes are an integral part of these statements.

CHILDREN OF BELLEVUE, INC.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 24,700	\$ 235,507
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	5,889	4,265
Net gains on investments	(6,907)	(6,650)
Changes in:		
Contributions and grants receivable	(11,118)	(5,378)
Accounts payable and accrued expenses	12,300	(183,013)
Deferred revenue	<u>-</u>	<u>(186,250)</u>
Net cash flow from operating activities	<u>24,864</u>	<u>(141,519)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(19,500)	(2,090)
Purchase of investments	(13,671)	(8,129)
Proceeds from sale of investments	<u>7,680</u>	<u>8,550</u>
Net cash flow from investing activities	<u>(25,491)</u>	<u>(1,669)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(627)	(143,188)
CASH AND CASH EQUIVALENTS - beginning of year	<u>460,703</u>	<u>603,891</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 460,076</u>	<u>\$ 460,703</u>

The accompanying notes are an integral part of these statements.

CHILDREN OF BELLEVUE, INC.

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

1. NATURE OF THE ORGANIZATION

Children of Bellevue, Inc. (the "Auxiliary") was incorporated under the laws of New York State on February 10, 1949. The Auxiliary is a nonprofit organization providing services to enhance patient care of children and adolescents at Bellevue Hospital Center, Inc. (the "Facility").

The Auxiliary's primary source of revenue is contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Auxiliary has been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States (GAAP).

Use of Estimates

The preparation of financial statements in accordance with 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid instruments with maturities when acquired of three months or less. The Auxiliary's cash balances may at times exceed federally insured limits. The Auxiliary has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

Investments

Investments are recorded at fair value. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could affect the amounts reported in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. All contributions and grants receivable are due within one year at December 31, 2021 and 2020.

Allowance for Doubtful Accounts

The Auxiliary determines whether an allowance for doubtful accounts should be provided for its receivables. Such estimates are based on management's assessment of the aged basis of the receivable, current economic conditions, subsequent collections, and other historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Management has determined that no allowance is necessary as of December 31, 2021 or 2020.

Furniture and Fixtures

Fixed assets are recorded at cost. Depreciation is recorded on the straight-line method over their estimated useful lives of 5 years. Items with an estimated useful life of more than one year are capitalized. The cost of repairs and maintenance are expensed as incurred. When assets are retired or disposed of, the cost and accumulated depreciation thereon are removed, and any resulting gain or loss is recognized in the statement of activities.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Auxiliary has no net assets with donor restrictions that are permanent in nature.

Contributions and Grants

Unconditional contributions and grants, including promises to give cash and other assets, are reported at fair value at the date the contribution or grant is received. The Auxiliary 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. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from donor restrictions. At December 31, 2021 and 2020 there is approximately \$1,000 of conditional contributions or grants for which the conditions have not been satisfied, which is included in deferred revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions

In addition to receiving cash contributions, the Auxiliary receives in-kind contributions of professional services from NYC Health + Hospitals. The auxiliary also receives in-kind use of space from the Facility. It is the policy of the Auxiliary to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by the same amount. For the years ended December 31, 2021 and 2020, \$49,995 and \$54,672, respectively, was received as in-kind contributions.

A substantial number of volunteers have donated significant amounts of time to the Auxiliary's program services; however, these donated services are not reflected in the financial statements, since they do not meet the recognition criteria for contributed services.

Functional Allocation of Expenses

The costs of supporting the programs and other activities of the Auxiliary have been summarized on a functional basis within the statements of activities and by natural classification and function within the statements of functional expenses. Expenses are charged directly to the function which they benefit, there have been no expenses allocated across different functions.

Income Taxes

The Auxiliary is a nonprofit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Auxiliary has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 and 2020 are calculated as follows:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 460,076	\$ 460,703
Investments	1,153,761	1,140,863
Contributions and grants receivable	<u>31,801</u>	<u>20,683</u>
Total financial assets	1,645,638	1,622,249
Less financial assets unavailable within one year:		
Net assets with donor restrictions	<u>798,308</u>	<u>735,134</u>
Total financial assets available to meet cash needs within one year:	<u>\$ 847,330</u>	<u>\$ 887,115</u>

The Auxiliary manages its liquidity so that it can continue operating within a prudent range of financial soundness and stability, maintain adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Auxiliary monitors its liquidity and cash flow on an ongoing basis to ensure an appropriate amount of cash and cash equivalents are available to meet current expenditure needs.

4. RELATED-PARTY TRANSACTIONS

The Auxiliary received in-kind use of office space from the Facility. For each of the years ended December 31, 2021 and 2020, the fair value of the office space was estimated to be \$42,000. This has been included in revenue in accordance with their policy stated above regarding in-kind contributions.

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair Value Measurements

Accounting Standard Codification Topic 820 *Fair Value Measurements* establishes a framework for measuring fair value. The framework provides 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 are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Auxiliary has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value.

Common stock - Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds - Valued at the net asset value (NAV) of shares held at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Auxiliary believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no changes to the valuation techniques during 2021 and 2020.

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Fair Value Measurements (Continued)

The following are measured at fair value on a recurring basis at December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 2,691	-	-	\$ 2,691
Mutual funds	<u>1,151,070</u>	<u>-</u>	<u>-</u>	<u>1,151,070</u>
	<u>\$ 1,153,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,153,761</u>

The following are measured at fair value on a recurring basis at December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 2,669	-	-	\$ 2,669
Mutual funds	<u>1,138,194</u>	<u>-</u>	<u>-</u>	<u>1,138,194</u>
	<u>\$ 1,140,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,140,863</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Child Life	\$ 63,282	\$ 80,183
Patient Psych	9,328	-
Reach Out & Read	376,685	339,667
Renny Weldon fund	322,936	313,530
Child Protection	26,077	-
Other Programs	<u>-</u>	<u>1,754</u>
Total	<u>\$ 798,308</u>	<u>\$ 735,134</u>

6. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets that were released from donor restrictions by satisfying the following donor restrictions during the years ended December 31:

	<u>2021</u>	<u>2020</u>
Child Life	\$ 47,431	\$ 27,688
Patient Psych	785	10,700
Reach Out & Read	40,666	13,867
Renny Weldon fund	-	7,500
Video Interaction Program (VIP)	-	186,250
Child Protection	9,073	75,851
Social Work	-	8,303
Other Programs	<u>1,868</u>	<u>39,398</u>
Total	<u>\$ 99,823</u>	<u>\$ 369,557</u>

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 13, 2023, which is the date the financial statements were available to be issued.

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

January 13, 2023

To the Board of Directors of
Children of Bellevue, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Children of Bellevue, Inc. (the Auxiliary), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements we considered the Auxiliary's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the Auxiliary's internal control. Accordingly, we do not express an opinion on the effectiveness of the Auxiliary'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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

(Continued)

**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***
(Continued)

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.