

**HOPE SOUTH FLORIDA, INC.**

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Financial Statements

December 31, 2022 and 2021

*Robbins and Moroney, P.A.*  
*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Hope South Florida, Inc.

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

***Opinion***

We have audited the accompanying financial statements of Hope South Florida, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses, for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hope South Florida, Inc. as of December 31, 2022 and 2021, and the changes in its 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hope South Florida, 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 opinions.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's 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 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

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 the Hope South Florida, 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 the Hope South Florida, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023 on our consideration of the Hope South Florida, Inc.'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 the Hope South Florida, 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 the Hope South Florida, Inc.'s internal control over financial reporting and compliance.

**ROBBINS and MORONEY, P.A.**  
Certified Public Accountants

*Robbins and Moroney, P.A.*

Fort Lauderdale, Florida  
October 10, 2023

**HOPE SOUTH FLORIDA, INC.**  
 Statements of Financial Position  
 December 31, 2022 and 2021

	2022	2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 130,863	\$ 364,112
Contracts Receivable	491,943	303,670
Accounts Receivable	9,221	
Prepaid Expense	13,443	51,130
<b>Total Current Assets</b>	645,470	718,912
<b>Non-Current Assets</b>		
Property and Equipment	840,615	823,589
Right of Use Lease Asset - Operating	39,566	
<b>Total Non-Current Assets</b>	880,181	823,589
<b>Total Assets</b>	\$ 1,525,651	\$ 1,542,501
 <b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 84,759	\$ 72,946
Current Portion of Notes Payable	189,265	131,987
Lease Liability - Operating	11,915	
<b>Total Current Liabilities</b>	285,939	204,933
<b>Non-Current Liabilities</b>		
Notes Payable	1,205,037	750,575
Lease Liability - Operating	27,651	
<b>Total Non-Current Liabilities</b>	1,232,688	750,575
<b>Total Liabilities</b>	1,518,627	955,508
 <b>Net Assets</b>		
Net Assets Without Donor Restrictions	(171,143)	117,469
Net Assets With Donor Restrictions	178,167	469,524
<b>Total Net Assets</b>	7,024	586,993
<b>Total Liabilities and Net Assets</b>	\$ 1,525,651	\$ 1,542,501

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

**HOPE SOUTH FLORIDA, INC.**  
 Statements of Activities  
 For the Years Ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>Net Assets Without Donor Restrictions</b>		
<b>Public Support and Revenues</b>		
Contracts	\$ 2,235,423	\$ 2,249,684
Grants and Contributions	933,806	914,952
Fundraising Event Income	179,049	
Less: Costs of Direct Benefits to Donors	(14,850)	
Residence Fees	58,029	61,851
Rental Income	7,500	10,000
Miscellaneous	14,000	3,162
Contributed Services, Facilities and Materials	327,000	492,949
Gain on Disposal of Property and Equipment		255,351
Forgiveness of Debt	35,000	
Net Assets Released from Restrictions	291,357	184,900
<b>Total Public Support and Revenues</b>	<b>4,066,314</b>	<b>4,172,849</b>
<b>Expenses</b>		
Program Services - Homeless Assistance	3,349,426	3,467,182
General and Administrative	786,199	682,717
Fundraising	219,301	159,546
<b>Total Expenses</b>	<b>4,354,926</b>	<b>4,309,445</b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>(288,612)</b>	<b>(136,596)</b>
<b>Net Assets With Donor Restrictions</b>		
Contributions		360,000
Net Assets Released from Restrictions	(291,357)	(184,900)
<b>Change in Net Assets With Donor Restrictions</b>	<b>(291,357)</b>	<b>175,100</b>
<b>Change in Net Assets</b>	<b>(579,969)</b>	<b>38,504</b>
<b>Net Assets, Beginning of Year</b>	<b>586,993</b>	<b>548,489</b>
<b>Net Assets, End of Year</b>	<b>\$ 7,024</b>	<b>\$ 586,993</b>

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

**HOPE SOUTH FLORIDA, INC.**  
 Statements of Cash Flows  
 For the Years Ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (579,969)	\$ 38,504
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:		
Donated Property and Equipment		(13,170)
Depreciation and Amortization	65,849	66,410
Bad Debts		39,057
Reduction in Right of Use Leased Asset - Operating	11,411	
Gain on Disposal of Property and Equipment		(255,351)
Changes in Assets and Liabilities:		
(Increase) Decrease in Contract Receivables	(188,273)	231,988
Increase in Accounts Receivable	(9,221)	
Decrease (Increase) in Prepaid Expenses	37,687	(43,687)
Increase (Decrease) in Accounts Payable and Accrued Expenses	11,813	(21,153)
Decrease in Lease Liability - Operating	(11,411)	
Decrease in Deferred Revenue		(4,310)
	<u>(662,114)</u>	<u>38,288</u>
<b>Net Cash Flows from Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Acquisition of Property and Equipment	(82,875)	(43,188)
Proceeds from Sale of Property and Equipment		360,090
	<u>(82,875)</u>	<u>316,902</u>
<b>Net Cash Flows from Investing Activities</b>		
<b>Cash Flows from Financing Activities</b>		
Proceeds from Notes Payable	798,450	
Payments on Notes Payable	(286,710)	(156,179)
	<u>511,740</u>	<u>(156,179)</u>
<b>Net Cash Flows from Financing Activities</b>		
<b>Net Change in Cash and Cash Equivalents</b>	(233,249)	199,011
<b>Cash and Cash Equivalents, Beginning of Year</b>	364,112	165,101
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 130,863</u>	<u>\$ 364,112</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Fair Value of Property and Equipment Acquired	\$	\$ 56,358
Property and Equipment Donated		(13,170)
Cash Paid for Property and Equipment	<u>\$ -</u>	<u>\$ 43,188</u>
Cash Paid During the Year for Interest	<u>\$ 47,270</u>	<u>\$ 49,107</u>
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating Cash Out-Flows from Operating Leases	<u>\$ 13,393</u>	<u>\$</u>
Other Non-Cash Investing and Financing Activities:		
Right of Use Asset After ASC 842 Implementation	<u>\$ 50,977</u>	<u>\$</u>

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

**HOPE SOUTH FLORIDA, INC.**  
**Statements of Functional Expenses**  
**For the Year Ended December 31, 2022**

	<u>Homeless Assistance</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Client Assistance	\$ 1,212,887	\$	\$	\$ 1,212,887
Labor and Benefits	1,280,182	512,307	121,187	1,913,676
Meals and Food and Supplies	327,000			327,000
Repairs and Maintenance	79,370	44,086		123,456
Contract Labor	164,929	26,801	14,613	206,343
Insurance	72,363	25,128	5,376	102,867
Office	19,995	34,264	9,633	63,892
Depreciation	60,582	3,292	1,975	65,849
Utilities	52,276	2,841	1,705	56,822
Interest	27,209	19,202	859	47,270
Telephone	28,332	10,932	1,537	40,801
Vehicles	12,561	4,657		17,218
Rent	1,020	3,136	1,020	5,176
Professional Fees		55,580		55,580
Training and Conferences	326	767	5,387	6,480
Marketing	516	16,414	1,660	18,590
Credit Card and Financing Fees		12,188	6,477	18,665
Miscellaneous	1,377	9,812		11,189
Special Events		2,214	44,916	47,130
Printing and Publications	3,105	69	849	4,023
Travel	5,295	1,216	2,107	8,618
Postage	101	1,293		1,394
	<u>\$ 3,349,426</u>	<u>\$ 786,199</u>	<u>\$ 219,301</u>	<u>\$ 4,354,926</u>

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

**HOPE SOUTH FLORIDA, INC.**  
**Statements of Functional Expenses**  
**For the Year Ended December 31, 2021**

	<u>Homeless Assistance</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Labor and Benefits	\$ 1,124,212	\$ 445,645	\$ 112,171	\$ 1,682,028
Client Assistance	1,387,496			1,387,496
Meals and Food	380,292			380,292
Contract Labor	129,046	40,951	12,479	182,476
Repairs and Maintenance	93,768	30,743		124,511
Insurance	61,490	23,494	2,357	87,341
Office	32,887	25,683	12,268	70,838
Depreciation	60,499	3,288	1,973	65,760
Utilities	57,008	3,098	1,859	61,965
Professional Fees		56,680		56,680
Interest	33,845	9,703	1,014	44,562
Bad Debts	39,057			39,057
Telephone	17,003	13,904	2,025	32,932
Rent	18,073		2,158	20,231
Vehicles	15,286	3,636	480	19,402
Marketing	4,004	8,990	2,165	15,159
Credit Card and Financing Fees		6,293	4,945	11,238
Training and Conferences	7,080	1,125	2,840	11,045
Miscellaneous	1,325	6,710	125	8,160
Travel	2,327	1,582	288	4,197
Postage	1,088	1,155		2,243
Printing and Publications	1,396	37	399	1,832
	<u>\$ 3,467,182</u>	<u>\$ 682,717</u>	<u>\$ 159,546</u>	<u>\$ 4,309,445</u>

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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization:** Hope South Florida, Inc. (the "Organization") is a Christian-based 501(c)(3) non-profit organization, operating since 1995, that brings about transformation in the lives of the homeless through the provision of housing solutions and support services; and to serve as a guiding partner in transforming, educating, and creating space to build lasting relationships with the faith-based community, as well as, local and national strategic partners.

**Basis of Accounting:** The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Date of Management's Review:** In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 10, 2023, the date that the financial statements were available to be issued.

**Cash and Cash Equivalents:** For purposes of the statement of cash flows, the Organization considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Contracts Receivable and Accounts Receivable:** Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable. The allowance for doubtful accounts at December 31, 2022 and 2021 was \$28,000 for each year.

**Property and Equipment:** Property and equipment are stated at cost and donated assets are recorded at fair market value on the date of the gift. Depreciation is computed on the straight-line basis over the expected useful lives of the assets, generally five to seven years for furniture and equipment and ten to thirty years for building and improvements. Maintenance expenses are charged to expense as incurred.

**Income Taxes:** As a non-profit corporation, qualified under Section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from corporate income taxation on income related to its exempt function. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization has not incurred any interest or penalties on its income tax returns.

The Organization's tax returns are subject to possible examination by the taxing authorities. For Federal income tax purposes, tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed 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 donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Contract Revenue Recognition:** Federal, state and local governments have awarded contracts to support the Organization's program activities that are conditioned on performing certain services or incurring certain reimbursable expenditures. All of the contracts support the Organization's mission to provide low-income families and individuals with supportive services and short or medium-term housing when more permanent housing is not immediately available. The contracts generally require certification or eligibility requirements established by the awarding governmental agency. The agreements are primarily cost-reimbursement contracts, which are recognized as the Organization incurs allowable and reasonable qualifying expenses, and unit-of-service contracts which are recognized as the services are rendered using the agreed upon rate per unit. Cost-reimbursement contracts and unit-of-service grants are recognized as revenues increasing net assets without donor restrictions because the conditions and restrictions are met in the same period.

**Contributed Services, Facilities and Materials:** Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributed facilities and materials are also recorded at their fair values in the period received.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Functional Allocation of Expenses:** The cost of providing the various activities have been summarized on a functional basis in the statements of activities and detailed in the statements of functional expenses. Certain costs have been allocated among the program and supporting services benefited.

**Fair Value of Financial Instruments:** Cash equivalents, contracts receivable, accounts receivable, prepaid expenses, accounts payable and accrued expenses and deferred revenue are reflected in the financial statements at cost, which approximate fair value because of their short-term nature.

**Reclassifications:** Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 presentation. These reclassifications had no effect on the total net assets or total change in net assets for 2021.

**2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintain sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. In addition, the Organization has established a line of credit with a bank to manage its liquidity throughout the year. The following table reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general expenditures within one year.

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 130,863	\$ 364,112
Contracts Receivable	<u>491,943</u>	<u>303,670</u>
Total Financial Assets	<u>622,806</u>	<u>667,782</u>
Less Amounts Not Available to be Used Within One Year:		
Net Assets with Donor Restrictions	178,167	469,524
Less: Net Assets With Purpose Restrictions		
To be Met in Less Than One Year		(286,259)
Less: Restricted Capitalized Real Estate	<u>(178,167)</u>	<u>(183,265)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 622,806</u>	<u>\$ 667,782</u>

**3. PROPERTY AND EQUIPMENT**

At December 31, 2022 and 2021, property and equipment consisted of:

	<u>2022</u>	<u>2021</u>
Land	\$ 152,050	\$ 152,050
Building and Improvements	959,105	876,230
Furniture and Equipment	85,165	85,165
Vehicles	<u>177,522</u>	<u>177,522</u>
	1,373,842	1,290,967
Accumulated Depreciation	<u>(533,227)</u>	<u>(467,378)</u>
	<u>\$ 840,615</u>	<u>\$ 823,589</u>

**4. NOTES PAYABLE**

At December 31, 2022 and 2021, notes payable consisted of:

	<u>2022</u>	<u>2021</u>
Note payable to a corporation, variable rate of interest based on lender's discretion (3.75% at December 31, 2022 and 2021). Monthly principal and interest payments of \$5,195 with the final installment due in the year 2038. The note is secured by land and building.	\$ 1,262,552	\$ 791,082

**HOPE SOUTH FLORIDA, INC.**  
Notes to Financial Statements  
December 31, 2022 and 2021

**4. NOTES PAYABLE (continued)**

	<u>2022</u>	<u>2021</u>
Line of credit with a maximum amount of \$300,000 to a bank with interest payable monthly based on an index (3.25% at December 31, 2022 and 2021). The line of credit is due on demand. The note is secured by land and building.	148,450	86,000
Notes payable to a finance company requiring monthly principal and interest payments at interest rates ranging from 5.34% to 10.94%. The notes mature in November 2022 and December 2023 and are secured by vehicles.	<u>3,775</u>	<u>16,424</u>
	1,414,777	893,506
Less Deferred Loan Costs	<u>(20,475)</u>	<u>(10,944)</u>
	1,394,302	882,562
Less: Current Portion	<u>(189,265)</u>	<u>(131,987)</u>
Non-Current Portion	<u>\$ 1,205,037</u>	<u>\$ 750,575</u>

Future maturities of notes payable at December 31, 2022 are as follows:

Year ended December 31,	2023	\$ 189,265
	2024	45,257
	2025	46,983
	2026	48,776
	2027	50,637
	Thereafter	<u>1,033,859</u>
		<u>\$ 1,414,777</u>

**5. RESTRICTIONS ON ASSETS**

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

	<u>2022</u>	<u>2021</u>
Future Periods	\$ 178,167	\$ 183,265
Programs		<u>286,259</u>
	<u>\$ 178,167</u>	<u>\$ 469,524</u>

Residential property was donated to the Organization in 2012 subject to a use restriction that requires the property be operated as supportive housing for persons with mental illness for a term of ninety-nine years. As an inducement for the donor to convey title of the residential property, the Organization has entered into an agreement to own, operate and manage the property in accordance with the use restriction and other outcome metrics and brand standards as set forth in the agreement. The property will revert back to the donor if the terms of the agreement are not adhered to.

**5. RESTRICTIONS ON ASSETS (continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

	<u>2022</u>	<u>2021</u>
Passage of Specified Time Programs	\$ 5,098	\$ 5,098
	<u>286,259</u>	<u>179,802</u>
	<u>\$ 291,357</u>	<u>\$ 184,900</u>

**6. CONTRIBUTED SERVICES, FACILITIES, AND MATERIALS**

The value of contributed services, facilities, and materials included in the financial statements for the years ended December 31, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
<b>Support and Revenues</b>		
Food	\$ 204,000	\$ 380,292
Transportation		1,150
Furnishings and Equipment	4,000	13,170
Client Assistance	30,000	92,629
Supplies	<u>89,000</u>	<u>5,708</u>
	<u>\$ 327,000</u>	<u>\$ 492,949</u>
<b>Expenses</b>		
Homeless Assistance	\$ 327,000	\$ 479,071
General and Administrative		708
	<u>\$ 327,000</u>	<u>\$ 479,779</u>

A substantial number of unpaid volunteers have made significant contributions of time in the furtherance of the Organization's programs, principally in providing assistance with the Shared Meals program. The donated hours and value of these contributed services have not been included in these financial statements, as they do not meet the criteria for recognition.

**7. LEASE COMMITMENTS**

The Organization implemented ASC-842, *Leases*, effective January 1, 2022. This represents a change in accounting principles as it relates to leases. The Organization leases office equipment that is classified as an operating lease. The following components are recognized in the financial statements as of December 31, 2022:

Right of Use Leased Asset – Operating	<u>\$ 39,566</u>
Lease Liability – Operating	<u>\$ 39,566</u>

The Organization applied a discount rate of 4.33% for the operating lease at the date of the lease inception on December 14, 2020. The remaining lease term is 38 months as of December 31, 2022.

**7. LEASE COMMITMENTS (continued)**

Future minimum payments under the lease as of December 31, 2022 are as follows:

Year Ended June 30,	2023	\$	13,393
	2024		13,393
	2025		13,393
	2026		<u>2,233</u>
			42,412
	Less: Discount		<u>(2,846)</u>
	Lease Liability		39,566
	Less: Current Portion		<u>(11,915)</u>
	Non-Current Portion	\$	<u>27,651</u>

Total expense for the office equipment lease was \$13,393 for the year ended December 31, 2022.

**8. GOVERNMENT CONTRACTS**

The following contracts are included in the statement of activities for the year ended December 31, 2022:

<u>Grantor</u>	<u>Contract Number</u>	<u>Total Contract</u>	<u>Collections Through 12/31/22</u>
Broward County	18-CP-HIP-8254-HUD-16-01 (Option 2)	\$ 294,338	\$ 294,338
Broward County	22-HIP-7651-ESG-CV-01	\$ 420,000	\$ 305,259
Broward County	22-CP-HIP-7651-01	\$ 693,204	\$ 568,610
Broward County	21-CP-HIP-8254-HUD19-01 (Initial)	\$ 298,720	\$ 223,461
Broward County	22-CP-HIP-8254-HUD19-01 (Option 1)	\$ 310,227	\$ 20,327
Broward County	22-CP-HCS-7651-HL-01	\$ 151,501	\$ 71,556
City of Hollywood	Home Program (R-2015-140)	\$ 1,793,609	\$ 843,464
City of Hollywood	Re-Housing and Eviction Prevention 9/16/20 – 3/30/21	\$ 3,448,000	\$ 1,223,876
City of Hollywood	Community Development Block Grant Live Hope Program 10/1/20 – 9/30/21	\$ 15,318	\$ 15,318
City of Hollywood	Community Development Block Grant Living Independently via Employment 10/1/21 – 9/30/22	\$ 13,889	\$ 13,889
City of Hollywood	Community Development Block Grant CARES Act Funding Living Independently via Employment 6/17/20 – 6/17/21	\$ 30,000	\$ 22,500
City of Hollywood	Community Development Block Grant CARES Act Funding Emergency Residential Services 1/1/21 – 1/1/22	\$ 46,420	\$ 4,089

**9. RETIREMENT PLAN**

The Organization has established a 403(b) retirement plan for all eligible employees in 2021. Participation in the plan is voluntary. The Organization contributed \$16,742 and \$14,695 to the plan for the year ended December 31, 2022 and 2021, respectively.

**10. CONCENTRATIONS OF CREDIT RISK**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash equivalents and unsecured receivables. The Organization's ability to collect these receivables is dependent upon economic conditions and the financial condition of its customers. The Organization has not experienced significant losses related to receivables. Management believes no additional credit risk is inherent in the Organization's receivables.

The Organization maintains demand deposits at commercial banks which, at times, may exceed the depositor's insurance provided by the applicable guarantee agency. At December 31, 2022, demand deposits in financial institutions exceeded the insurance provided by the applicable guarantee agency by approximately \$ 0. The Organization has not experienced any losses from maintaining cash accounts in excess of insured limits.

For the year ended December 31, 2022, the Organization received approximately 42% of its public support and revenue from a county government. At December 31, 2022, 76 % of the Organization's contracts receivable were due from the county government.

For the year ended December 31, 2021, the Organization received approximately 27% and 8% of its public support and revenue from a city government and a county government, respectively. At December 31, 2021, 65% and 17% of the Organization's contracts receivable were due from the county government and city government, respectively.

**11. CONTINGENCIES**

In the normal course of activities, the Organization receives contracts and other forms of reimbursement from various government agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management of the Organization believes that the liability, if any, for any reimbursement which may arise as the result of audits would not be material.

**SUPPLEMENTARY FINANCIAL INFORMATION**

*Robbins and Moroney, P.A.*  
*Certified Public Accountants*

**HOPE SOUTH FLORIDA, INC.**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022

<u>Federal/Local Agency Pass-through Entity Federal Program</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
<b>U.S. Department of Veterans Affairs</b>			
Direct:			
VA Homeless Providers Grant and Per Diem Program	64.024	HSFI031-1610-546-TP-21	\$ <u>215,665</u>
<b>U.S. Department of Health and Human Services</b>			
Pass-through Programs from:			
Broward County, Florida Advancing Health Literacy	93.137	22-CP-HCS-7651-HL-01	<u>95,907</u>
<b>U.S. Department of Housing and Urban Development</b>			
Pass-through Program from:			
City of Fort Lauderdale	14.239	Home Program - Tenant Based Rental Assistance	93,231
Broward County, Florida	14.267	22-CP-HIP-7651-HUD20-01	356,596
Broward County, Florida Covid 19 – Mobile Sanitation Project	14.231	22-CP-HIP-7651-ESG-CV-01	185,556
Broward County, Florida Covid 19 – Meal Sharing Program	14.231	FAIN E-20-UW-12-001	83,254
City of Hollywood, Florida	14.239	Home Program - Tenant Based Rental Assistance	104,358
City of Hollywood, Florida	14.218	"Live" Hope Program	<u>10,417</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>833,412</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,144,984</u>

**Note:** There were no awards passed through to sub-recipients.

See independent auditor's report and accompanying notes to  
Schedule of Expenditures of Federal Awards.

**HOPE SOUTH FLORIDA, INC.**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards ("SEFA") includes the federal grant activity of Hope South Florida, Inc. under programs of the federal government for the year ended December 31, 2022. The information in this SEFA is presented in accordance with the 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). Because the SEFA presents only a selected portion of the operations of Hope South Florida, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Hope South Florida, Inc.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the SEFA 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 allowed or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

**NOTE C – INDIRECT COST RATE**

Hope South Florida, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

*Robbins and Moroney, P.A.*  
*Certified Public Accountants*

Accounting and Auditing  
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Facsimile: (954) 467-2080

**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**

Board of Directors  
Hope South Florida, 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 Hope South Florida, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 10, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hope South Florida, Inc.'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 purpose of expressing an opinion on the effectiveness of Hope South Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Hope South Florida, Inc.'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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hope South Florida, Inc.'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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)**

**Purpose of This Report**

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

**ROBBINS and MORONEY, P.A.**  
Certified Public Accountants

*Robbins and Moroney, P.A.*

Fort Lauderdale, Florida  
October 10, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Hope South Florida, Inc.

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

***Opinion on Each Major Federal Program***

We have audited Hope South Florida, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Hope South Florida, Inc.'s major federal programs for the year ended December 31, 2022. Hope South Florida, 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, Hope South Florida, 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, 2022.

***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 Hope South Florida, 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 Hope South Florida, 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 Hope South Florida, 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 Hope South Florida, 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 for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
(continued)**

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 Hope South Florida, 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 Hope South Florida, 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 of Hope South Florida, 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 Hope South Florida, 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.

**ROBBINS and MORONEY, P.A.**

Certified Public Accountants

*Robbins and Moroney, P.A.*

Fort Lauderdale, Florida  
October 10, 2023

**HOPE SOUTH FLORIDA, INC.**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2022

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Hope South Florida, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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.
3. No instances of noncompliance material to the financial statements of Hope South Florida, Inc. were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Hope South Florida, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
7. The programs tested as major programs were:

**Federal Programs:**

**U.S. Department of Housing and Urban Development**

Broward County, Florida Program 22-CP-HIP-7651-HUD20-01

**Federal Assistance  
Listing Number**

14.267

8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Hope South Florida, Inc. qualifies as a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS AUDIT – None**

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT - None**