

HOPE SOUTH FLORIDA, INC.

Financial Statements

December 31, 2025 and 2024

CONTENTS

	Page
Independent Auditor's Report	1 – 2
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Cash Flows.....	5
Statements of Functional Expenses.....	6 – 7
Notes to Financial Statements	8 – 13
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	14 – 15

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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, 2025 and 2024, 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, 2025 and 2024, 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 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 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 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2026 on our consideration of 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 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 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
June 10, 2026

HOPE SOUTH FLORIDA, INC.

Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 581,288	\$ 426,420
Contracts Receivable	170,213	195,925
Accounts Receivable	316,032	600
Prepaid Expense	35,626	76,538
Total Current Assets	1,103,159	699,483
Non-Current Assets		
Property and Equipment	720,505	785,249
Right of Use Lease Asset - Operating	2,220	15,211
Total Non-Current Assets	722,725	800,460
Total Assets	\$ 1,825,884	\$ 1,499,943
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 46,080	\$ 48,336
Current Portion of Notes Payable	14,618	13,735
Lease Liability - Operating	2,220	12,990
Total Current Liabilities	62,918	75,061
Non-Current Liabilities		
Notes Payable	1,192,901	1,205,425
Lease Liability - Operating	-	2,221
Total Non-Current Liabilities	1,192,901	1,207,646
Total Liabilities	1,255,819	1,282,707
Net Assets		
Net Assets Without Donor Restrictions	382,185	217,236
Net Assets With Donor Restrictions	187,880	-
Total Net Assets	570,065	217,236
Total Liabilities and Net Assets	\$ 1,825,884	\$ 1,499,943

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

HOPE SOUTH FLORIDA, INC.

Statements of Activities
For the Years Ended December 31, 2025 and 2024

	2025	2024
Net Assets Without Donor Restrictions		
Public Support and Revenues		
Contracts	\$ 1,006,902	\$ 2,135,330
Grants and Contributions	1,006,962	1,172,846
Other Income	55,117	5,233
Investment Income	12,798	4,509
Rental Income	14,794	-
Contributed Services, Facilities and Materials	60,326	249,224
Gain on Disposal of Property and Equipment	16,000	-
Forgiveness of Debt	-	20,000
Net Assets Released from Restrictions	12,120	-
Total Public Support and Revenues	2,185,019	3,587,142
Expenses		
Program Services - Homeless Assistance	1,561,428	2,997,667
General and Administrative	199,689	740,175
Fundraising	258,953	38,429
Total Expenses	2,020,070	3,776,271
Change in Net Assets Without Donor Restrictions	164,949	(189,129)
Net Assets With Donor Restrictions		
Grants and Contributions	200,000	-
Net Assets Released from Restrictions	(12,120)	-
Change in Net Assets With Donor Restrictions	187,880	-
Change in Net Assets	352,829	(189,129)
Net Assets, Beginning of Year	217,236	406,365
Net Assets, End of Year	\$ 570,065	\$ 217,236

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, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in Net Assets	\$ 352,829	\$ (189,129)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:		
Forgiveness of Debt	-	(20,000)
Depreciation and Amortization	65,764	65,764
Reduction in Right of Use Leased Asset - Operating	12,991	12,440
Gain on Disposal of Property and Equipment	(16,000)	-
Changes in Assets and Liabilities:		
Contracts Receivable	25,712	55,743
Accounts Receivable	(315,432)	9,400
Prepaid Expenses	40,912	4,729
Accounts Payable and Accrued Expenses	(2,256)	(97,776)
Lease Liability - Operating	(12,991)	(12,440)
Net Cash Flows from Operating Activities	151,529	(171,269)
Cash Flows from Investing Activities		
Proceeds from Sale of Property and Equipment	16,000	-
Net Cash Flows from Investing Activities	16,000	-
Cash Flows from Financing Activities		
Payments on Notes Payable	(12,661)	(37,152)
Net Cash Flows from Financing Activities	(12,661)	(37,152)
Net Change in Cash and Cash Equivalents	154,868	(208,421)
Cash and Cash Equivalents, Beginning of Year	426,420	634,841
Cash and Cash Equivalents, End of Year	\$ 581,288	\$ 426,420
Supplemental Disclosure of Cash Flow Information:		
Cash Paid During the Year for Interest	\$ 70,151	\$ 76,213
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating Cash Out-Flows from Operating Leases	\$ 13,393	\$ 13,393

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, 2025

	<u>Homeless Assistance</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Client Assistance	\$ 746,419	\$ -	\$ -	\$ 746,419
Labor and Benefits	490,103	112,338	154,800	757,241
Professional Fees	26,991	48,760	72,675	148,426
Interest	63,136	6,632	1,403	71,171
Depreciation	58,269	5,180	1,295	64,744
Utilities	56,486	5,021	1,255	62,762
Insurance	47,865	8,610	1,064	57,539
Office	25,468	4,703	11,322	41,493
Repairs and Maintenance	27,612	2,454	614	30,680
Printing and Publications	14,987	2,861	4,159	22,007
Marketing	-	-	9,229	9,229
Training and Conferences	1,807	345	502	2,654
Credit Card and Financing Fees	-	2,348	-	2,348
Travel	1,397	267	388	2,052
Postage	888	170	247	1,305
	<u>\$ 1,561,428</u>	<u>\$ 199,689</u>	<u>\$ 258,953</u>	<u>\$ 2,020,070</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, 2024

	<u>Homeless Assistance</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Client Assistance	\$ 1,595,645	\$ -	\$ -	\$ 1,595,645
Labor and Benefits	1,015,205	400,527	27,988	1,443,720
Training and Conferences	-	129,351	-	129,351
Office	54,328	34,278	3,583	92,189
Insurance	71,123	7,085	1,323	79,531
Interest	69,509	6,179	1,544	77,232
Repairs and Maintenance	63,201	5,618	1,404	70,223
Utilities	62,841	5,586	1,396	69,823
Depreciation	54,665	9,497	582	64,744
Marketing	-	60,067	-	60,067
Professional Fees	-	49,542	-	49,542
Miscellaneous	-	17,231	-	17,231
Printing and Publications	2,349	5,480	-	7,829
Postage	526	4,210	526	5,262
Credit Card and Financing Fees	-	4,847	-	4,847
Vehicles	4,044	-	-	4,044
Telephone	3,002	677	83	3,762
Travel	1,229	-	-	1,229
	<u>\$ 2,997,667</u>	<u>\$ 740,175</u>	<u>\$ 38,429</u>	<u>\$ 3,776,271</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 June 10, 2026, 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, 2025 and 2024 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 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 2024 financial statements to conform to the 2025 presentation. These reclassifications had no effect on the total net assets or total change in net assets for 2024.

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. The following table reflects the Organization's financial assets as of December 31, 2025 and 2024, reduced by amounts not available for general expenditures within one year.

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 581,288	\$ 426,420
Contracts and Accounts Receivable	<u>486,245</u>	<u>196,525</u>
Total Financial Assets	<u>1,067,533</u>	<u>622,945</u>
Less Amounts Not Available to be Used Within One Year:		
Net Assets With Donor Restrictions	187,880	-
Less: Net Assets With Purpose Restrictions to be Met in Less Than One Year	<u>(187,880)</u>	<u>-</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 1,067,533</u>	<u>\$ 622,945</u>

3. PROPERTY AND EQUIPMENT

At December 31, 2025 and 2024, property and equipment consisted of:

	<u>2025</u>	<u>2024</u>
Land	\$ 75,000	\$ 75,000
Building and Improvements	716,812	716,812
Furniture and Equipment	76,737	76,737
Vehicles	<u>213,845</u>	<u>236,969</u>
	1,082,394	1,105,518
Accumulated Depreciation	<u>(361,889)</u>	<u>(320,269)</u>
	<u>\$ 720,505</u>	<u>\$ 785,249</u>

4. NOTES PAYABLE

At December 31, 2025 and 2024, notes payable consisted of:

	<u>2025</u>	<u>2024</u>
Note payable to a corporation, variable rate of interest based on lender's discretion (6.0% at December 31, 2025 and 6.5% at December 31, 2024). Monthly principal and interest payments of \$7,536 with the final installment due in the year 2043. The note is secured by land and building.	\$ 1,224,936	\$ 1,237,596
Less Deferred Loan Costs	<u>(17,417)</u>	<u>(18,436)</u>
	1,207,519	1,219,160
Less: Current Portion	<u>(14,618)</u>	<u>(13,735)</u>
Non-Current Portion	<u>\$ 1,192,901</u>	<u>\$ 1,205,425</u>

HOPE SOUTH FLORIDA, INC.
Notes to Financial Statements
December 31, 2025 and 2024

4. NOTES PAYABLE (continued)

Future maturities of notes payable at December 31, 2025 are as follows:

Year ended December 31,	2026	\$	14,618
	2027		15,558
	2028		16,559
	2029		17,624
	2030		18,758
	Thereafter		<u>1,141,819</u>
		\$	<u>1,224,936</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2025</u>		<u>2024</u>
Programs	\$ 100,000	\$	-
For Future Periods	<u>87,880</u>		<u>-</u>
	<u>\$ 187,880</u>	\$	<u>-</u>

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

	<u>2025</u>		<u>2024</u>
Passage of Specified Time	\$ <u>12,120</u>	\$	<u>-</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, 2025 and 2024, are as follows:

	<u>2025</u>		<u>2024</u>
Support and Revenues			
Repairs and Maintenance	\$ 19,970	\$	11,298
Meals, Food and Supplies	1,506		-
Advertising and Marketing	-		43,941
Client Assistance	-		10,575
Professional Services	-		1,800
Training and Conferences	-		3,260
Labor and Benefits	37,560		171,534
Office	1,290		4,152
Travel and Transportation	-		2,252
Miscellaneous	-		412
	<u>\$ 60,326</u>	\$	<u>249,224</u>
Expenses			
Homeless Assistance	\$ 20,489	\$	23,689
General and Administrative	20,601		225,246
Fundraising	<u>19,236</u>		<u>289</u>
	<u>\$ 60,326</u>	\$	<u>249,224</u>

6. CONTRIBUTED SERVICES, FACILITIES, AND MATERIALS (continued)

The Organization's policy related to in-kind contributions is to utilize the assets in its programs and support activities. The donated assets, except labor and benefits, were recorded at estimated fair value. Labor and benefits were recorded at the estimated cost of the personnel providing the services.

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 leases office equipment that is classified as an operating lease. The following components are recognized in the financial statements as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Right of Use Leased Asset – Operating	\$ 2,220	\$ 15,211
Lease Liability – Operating	\$ 2,220	\$ 15,211

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 2 months and 14 months as of December 31, 2025 and 2024, respectively.

Future minimum payments under the lease as of December 31, 2025 are as follows:

Year Ended December 31, 2026	\$ 2,232
Less: Discount	<u>(12)</u>
Lease Liability	<u>\$ 2,220</u>

Total expense for the office equipment lease was \$13,393 for the years ended December 31, 2025 and 2024.

8. GOVERNMENT CONTRACTS

The following contracts are included in the statement of activities for the year ended December 31, 2025:

<u>Grantor</u>	<u>Contract Number</u>	<u>Total Contract</u>	<u>Billings In 2025</u>
Broward County	22-CP-HIP-7651-01	\$ 3,589,260	\$ 227,667
Broward County	24-HOSS-HIP-7651-HUD22-01 (Option 1)	\$ 365,439	\$ 233,775
City of Hollywood	Home Program (10/1/25 – 9/30/26)	\$ 529,954	\$ 54,613
City of Hollywood	Home Program (10/1/24 – 9/30/25)	\$ 529,954	\$ 346,430

9. RETIREMENT PLAN

The Organization established a 403(b) retirement plan for all eligible employees. Participation in the plan is voluntary. The Organization contributed \$0 to the plan for the years ended December 31, 2025 and 2024, 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, 2025, demand deposits in financial institutions exceeded the insurance provided by the applicable guarantee agency by approximately \$271,900. The Organization has not experienced any losses from maintaining cash accounts in excess of insured limits.

For the year ended December 31, 2025, the Organization received approximately 22% and 18% of its public support and revenue from a county government and a city government, respectively. At December 31, 2025, 67% and 28% of the Organization's contracts receivable were due from the county government and city government, respectively.

For the year ended December 31, 2024, the Organization received approximately 26% and 16% of its public support and revenue from a county government and a city government, respectively. At December 31, 2024, 23% and 69% of the Organization's contract receivables 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.

12. SUBSEQUENT EVENT

The Organization has entered into discussions with a not-for-profit church to gift to the church the Organization's land and buildings with a net book value of \$623,812 at December 31, 2025. The Organization and the church have assigned a \$4.5 million valuation to the land and buildings. Concurrent with the gift, the following is planned to occur:

- The church will pay-off the mortgage on the property with a balance of \$1,224,936 at December 31, 2025.
- The Organization and the church will enter into a twenty-six (26) year Facility Use Agreement whereby the Organization will use a portion of the church's building space for the furtherance of the Organization's exempt purpose. Terms of the agreement would require recognition of a non cash gift of approximately \$85,700 per year with annual increases of 3%.
- The church will remit to the Organization \$118,314 in satisfaction of the balance due on a \$1 million grant entered into in 2023.

The final agreement will require the approval of the Board of Directors for the Organization and the church.

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Certified Public Accountants

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Taxation and Consulting

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**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, 2025 and 2024, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2026.

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 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

June 10, 2026