

HOPE SOUTH FLORIDA, INC.

Financial Statements

December 31, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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.

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 May 22, 2025 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
May 22, 2025

HOPE SOUTH FLORIDA, INC.

Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 426,420	\$ 634,841
Contracts Receivable	195,925	251,668
Accounts Receivable	600	10,000
Prepaid Expense	76,538	81,267
Total Current Assets	699,483	977,776
Non-Current Assets		
Property and Equipment	785,249	849,993
Right of Use Lease Asset - Operating	15,211	27,651
Total Non-Current Assets	800,460	877,644
Total Assets	\$ 1,499,943	\$ 1,855,420
 Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 48,336	\$ 146,112
Current Portion of Notes Payable	13,735	61,229
Lease Liability - Operating	12,990	12,441
Total Current Liabilities	75,061	219,782
Non-Current Liabilities		
Notes Payable	1,205,425	1,214,063
Lease Liability - Operating	2,221	15,210
Total Non-Current Liabilities	1,207,646	1,229,273
Total Liabilities	1,282,707	1,449,055
 Net Assets		
Net Assets Without Donor Restrictions	217,236	406,365
Total Net Assets	217,236	406,365
Total Liabilities and Net Assets	\$ 1,499,943	\$ 1,855,420

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

HOPE SOUTH FLORIDA, INC.

Statements of Activities
For the Years Ended December 31, 2024 and 2023

	2024	2023
Net Assets Without Donor Restrictions		
Public Support and Revenues		
Contracts	\$ 2,135,330	\$ 2,186,608
Grants and Contributions	1,172,846	1,131,189
Miscellaneous	9,742	31,749
Contributed Services, Facilities and Materials	249,224	484,741
Gain on Disposal of Property and Equipment		73,079
Forgiveness of Debt	20,000	10,000
Net Assets Released from Restrictions		178,167
Total Public Support and Revenues	3,587,142	4,095,533
Expenses		
Program Services - Homeless Assistance	2,997,667	2,713,732
General and Administrative	740,175	692,876
Fundraising	38,429	111,417
Total Expenses	3,776,271	3,518,025
Change in Net Assets Without Donor Restrictions	(189,129)	577,508
Net Assets With Donor Restrictions		
Net Assets Released from Restrictions		(178,167)
Change in Net Assets With Donor Restrictions	-	(178,167)
Change in Net Assets	(189,129)	399,341
Net Assets, Beginning of Year	406,365	7,024
Net Assets, End of Year	\$ 217,236	\$ 406,365

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, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	\$ (189,129)	\$ 399,341
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:		
Forgiveness of Debt	(20,000)	(10,000)
Donated Property and Equipment		(91,307)
Depreciation and Amortization	65,764	58,304
Reduction in Right of Use Leased Asset - Operating	12,440	11,915
Gain on Disposal of Property and Equipment		(73,079)
Changes in Assets and Liabilities:		
Decrease in Contracts Receivable	55,743	240,275
Decrease (Increase) in Accounts Receivable	9,400	(779)
Decrease (Increase) in Prepaid Expenses	4,729	(67,824)
(Decrease) Increase in Accounts Payable and Accrued Expenses	(97,776)	61,353
Decrease in Lease Liability - Operating	(12,440)	(11,915)
Net Cash Flows from Operating Activities	(171,269)	516,284
Cash Flows from Investing Activities		
Acquisition of Property and Equipment		(169,707)
Proceeds from Sale of Property and Equipment		267,431
Net Cash Flows from Investing Activities	-	97,724
Cash Flows from Financing Activities		
Proceeds from Notes Payable		60,000
Payments on Notes Payable	(37,152)	(170,030)
Net Cash Flows from Financing Activities	(37,152)	(110,030)
Net Change in Cash and Cash Equivalents	(208,421)	503,978
Cash and Cash Equivalents, Beginning of Year	634,841	130,863
Cash and Cash Equivalents, End of Year	\$ 426,420	\$ 634,841
Supplemental Disclosure of Cash Flow Information:		
Fair Value of Property and Equipment Acquired	\$	\$ 261,014
Property and Equipment Donated		(91,307)
Cash Paid for Property and Equipment	\$ -	\$ 169,707
Cash Paid During the Year for Interest	\$ 76,213	\$ 66,892
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, 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.

HOPE SOUTH FLORIDA, INC.

Statements of Functional Expenses
For the Year Ended December 31, 2023

	<u>Homeless Assistance</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Labor and Benefits	\$ 939,307	\$ 381,328	\$ 96,406	\$ 1,417,041
Client Assistance	1,245,610			1,245,610
Professional Fees		131,471		131,471
Meals and Food and Supplies	124,407			124,407
Insurance	95,331	10,782	2,224	108,337
Repairs and Maintenance	64,617	5,744	1,436	71,797
Office	36,205	30,314	4,773	71,292
Interest	61,121	5,433	1,358	67,912
Utilities	59,742	5,310	1,328	66,380
Depreciation	52,102	4,578	604	57,284
Training and Conferences		41,963		41,963
Contract Labor	13,655	18,775	1,707	34,137
Miscellaneous	1,824	21,574		23,398
Credit Card and Financing Fees		15,359		15,359
Telephone	9,926	2,822	1,019	13,767
Vehicles	6,904			6,904
Travel	1,015	5,755		6,770
Rent	1,114	4,458		5,572
Marketing		3,784	308	4,092
Postage	254	2,030	254	2,538
Printing and Publications	598	1,396		1,994
	<u>\$ 2,713,732</u>	<u>\$ 692,876</u>	<u>\$ 111,417</u>	<u>\$ 3,518,025</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 May 22, 2025, 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, 2024 and 2023 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 2023 financial statements to conform to the 2024 presentation. These reclassifications had no effect on the total net assets or total change in net assets for 2023.

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, 2024 and 2023, reduced by amounts not available for general expenditures within one year.

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 426,420	\$ 634,841
Contracts and Accounts Receivable	<u>196,525</u>	<u>261,668</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 622,945</u>	<u>\$ 896,509</u>

3. PROPERTY AND EQUIPMENT

At December 31, 2024 and 2023, property and equipment consisted of:

	<u>2024</u>	<u>2023</u>
Land	\$ 75,000	\$ 75,000
Building and Improvements	716,812	716,812
Furniture and Equipment	76,737	76,737
Vehicles	<u>236,969</u>	<u>236,969</u>
	1,105,518	1,105,518
Accumulated Depreciation	<u>(320,269)</u>	<u>(255,525)</u>
	<u>\$ 785,249</u>	<u>\$ 849,993</u>

4. NOTES PAYABLE

At December 31, 2024 and 2023, notes payable consisted of:

	<u>2024</u>	<u>2023</u>
Note payable to a corporation, variable rate of interest based on lender's discretion (6.5% at December 31, 2024 and 6.25% at December 31, 2023). 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.	\$ 1,237,596	\$ 1,249,748
Unsecured note payable to an individual serving on the board of directors. The note is non-interest bearing and is due on demand.	<u>-</u>	<u>45,000</u>
	1,237,596	1,294,748
Less Deferred Loan Costs	<u>(18,436)</u>	<u>(19,456)</u>
	1,219,160	1,275,292
Less: Current Portion	<u>(13,735)</u>	<u>(61,229)</u>
Non-Current Portion	<u>\$ 1,205,425</u>	<u>\$ 1,214,063</u>

4. NOTES PAYABLE (continued)

Future maturities of notes payable at December 31, 2024 are as follows:

Year ended December 31,	2025	\$	13,735
	2026		14,618
	2027		15,558
	2028		16,559
	2029		17,624
	Thereafter		1,159,502
			<u>\$ 1,237,596</u>

5. RESTRICTIONS ON ASSETS

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.

In August 2023, the residential property was sold and concurrent with the sale, the Organization obtained a release of use restriction in exchange for a prorated portion of the sale proceeds.

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>2024</u>	<u>2023</u>
Passage of Specified Time Programs	\$	\$ 178,167
	<u>\$</u>	<u>\$ 178,167</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, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Support and Revenues		
Meals, Food and Supplies	\$	\$ 124,407
Repairs and Maintenance	11,298	7,413
Furnishings, Equipment and Improvements		91,307
Advertising and Marketing	43,941	
Client Assistance	10,575	
Insurance		21,239
Professional Services	1,800	73,371
Training and Conferences	3,260	38,448
Labor and Benefits	171,534	114,258
Office	4,152	3,371
Travel and Transportation	2,252	6,770
Miscellaneous	412	4,157
	<u>\$ 249,224</u>	<u>\$ 484,741</u>

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

	<u>2024</u>	<u>2023</u>
Expenses		
Homeless Assistance	\$ 23,689	\$ 154,008
General and Administrative	225,246	239,426
Fundraising	289	
	<u>\$ 249,224</u>	<u>\$ 393,434</u>

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.

Furnishings and improvements in the amount of \$91,307 have been capitalized and are included in property and equipment on the statement of financial position for the year ended December 31, 2023.

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Right of Use Leased Asset – Operating	\$ 15,211	\$ 27,651
Lease Liability – Operating	\$ 15,211	\$ 27,651

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 14 months and 26 months as of December 31, 2024 and 2023, respectively.

Future minimum payments under the lease as of December 31, 2024 are as follows:

Year Ended December 31,	2025	13,393
	2026	<u>2,232</u>
		15,625
	Less: Discount	<u>(414)</u>
		15,211
	Less: Current Portion	<u>(12,990)</u>
	Non-Current Portion	<u>\$ 2,221</u>

Total expense for the office equipment lease was \$13,393 for the years ended December 31, 2024 and 2023.

8. GOVERNMENT CONTRACTS

The following contracts are included in the statement of activities for the year ended December 31, 2024:

<u>Grantor</u>	<u>Contract Number</u>	<u>Total Contract</u>	<u>Billings In 2024</u>
Broward County	22-CP-HIP-7651-01	\$ 3,158,987	\$ 622,551
Broward County	24-HOSS-HIP-7651-HUD22-01 (Initial)	\$ 317,715	\$ 258,693
Broward County	24-HOSS-HIP-7651-HUD22-01 (Option 1)	\$ 365,439	\$ 27,806
City of Hollywood	Home Program (R-2015-140)	\$ 1,793,609	\$ 432,693
City of Hollywood	Home Program 10/1/24 – 9/30/25	\$ 405,427	\$ 154,306
City of Fort Lauderdale	Home Program – Tenant Based Rental Assistance	\$ 832,000	\$ 326,347

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, 2024 and 2023, 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, 2024, demand deposits in financial institutions exceeded the insurance provided by the applicable guarantee agency by approximately \$116,900. The Organization has not experienced any losses from maintaining cash accounts in excess of insured limits.

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.

For the year ended December 31, 2023, the Organization received approximately 31% and 7% of its public support and revenue from a county government and a city government, respectively. At December 31, 2023, 25% and 38% 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

HOPE SOUTH FLORIDA, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Federal/Local Agency Pass-through Entity Federal Program	Federal Assistance Listing Number	Pass-through Entity Identifying Number	<u>Expenditures</u>
U.S. Department of Housing and Urban Development			
Pass-through Program from:			
City of Fort Lauderdale	14.239	Home Program - Tenant Based Rental Assistance	326,347
Broward County, Florida	14.267	24-HOSS-HIP-7651-HUD22-01	286,499
City of Hollywood, Florida	14.239	Home Program - Tenant Based Rental Assistance	<u>586,999</u>
Total U.S. Department of Housing and Urban Development			<u>1,199,845</u>
Total Expenditures of Federal Awards			<u>\$ 1,199,845</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, 2024

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards ("SEFA") includes the federal award activity of Hope South Florida, Inc. under programs of the federal government for the year ended December 31, 2024. 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 allowable 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
Taxation and Consulting

222 Southeast Tenth Street
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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, 2024 and 2023, 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 May 22, 2025.

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
May 22, 2025

Robbins and Moroney, P.A.
Certified Public Accountants

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**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, 2024. 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, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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
May 22, 2025

HOPE SOUTH FLORIDA, INC.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

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 or material weaknesses 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., which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses 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

City of Hollywood, Florida, Home Program - Tenant Based Rental Assistance

**Federal Assistance
Listing Number**

14.239

8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Hope South Florida, Inc. does not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT - None

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