



HOPE AND HELP CENTER OF CENTRAL FLORIDA, INC. AND SUBSIDIARY
Consolidated Financial Statements and Supplementary Information
June 30, 2022 and 2021
With Independent Auditor's Reports

Hope and Help Center of Central Florida, Inc. and Subsidiary
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June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Hope and Help Center of Central Florida, Inc. and Subsidiary:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Hope and Help Center of Central Florida, Inc. and Subsidiary (collectively, the "Center"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Center as of June 30, 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 audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS 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 consolidated 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 consolidated 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 Center'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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 Matter

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2022, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022, on our consideration of the Center'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 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 Center's internal control over financial reporting and compliance.

Withum Smith & Brown, PC

November 30, 2022

Hope and Help Center of Central Florida, Inc. and Subsidiary
Consolidated Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 4,307,930	\$ 9,584,948
Accounts receivable, net	2,011,845	1,797,062
Grants and contributions receivable	342,427	279,266
Inventory	82,612	-
Other assets	<u>124,785</u>	<u>73,408</u>
Total current assets	6,869,599	11,734,684
Investments	9,027,925	4,291,821
Deposits	20,325	21,491
Property and equipment, net	195,701	18,629
Goodwill, net	<u>1,571,562</u>	<u>-</u>
Total assets	<u>\$ 17,685,112</u>	<u>\$ 16,066,625</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,450,824	\$ 1,081,474
Deferred support	<u>1,032</u>	<u>-</u>
Total current liabilities	<u>1,451,856</u>	<u>1,081,474</u>
Net assets		
Without donor restrictions	16,173,376	14,928,422
With donor restrictions	<u>59,880</u>	<u>56,729</u>
Total net assets	<u>16,233,256</u>	<u>14,985,151</u>
Total liabilities and net assets	<u>\$ 17,685,112</u>	<u>\$ 16,066,625</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Consolidated Statements of Activities
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Federal grants	\$ 1,801,397	\$ -	\$ 1,801,397	\$ 1,041,421	\$ -	\$ 1,041,421
State, local, and other grants	58,774	-	58,774	-	-	-
Special events	-	-	-	46,737	-	46,737
Contributions	19,105	12,698	31,803	31,373	12,193	43,566
Medical services	256,698	-	256,698	178,603	-	178,603
Pharmacy revenue	23,498,190	-	23,498,190	22,622,149	-	22,622,149
In-kind contributions	10,800	-	10,800	11,512	-	11,512
Other income (expense), net	(1,618,912)	-	(1,618,912)	579,566	-	579,566
Net assets released from restrictions	9,547	(9,547)	-	53,241	(53,241)	-
Total support and revenue	<u>24,035,599</u>	<u>3,151</u>	<u>24,038,750</u>	<u>24,564,602</u>	<u>(41,048)</u>	<u>24,523,554</u>
Expenses						
Program services						
Pharmacy program	18,898,059	-	18,898,059	16,622,302	-	16,622,302
Medical case management and peer support	440,249	-	440,249	369,032	-	369,032
Non-medical case management	395,457	-	395,457	352,734	-	352,734
Prevention	1,175,921	-	1,175,921	682,577	-	682,577
Other client services	1,293,221	-	1,293,221	825,934	-	825,934
Total program services	<u>22,202,907</u>	<u>-</u>	<u>22,202,907</u>	<u>18,852,579</u>	<u>-</u>	<u>18,852,579</u>
Supporting services						
General administration	218,910	-	218,910	105,309	-	105,309
Fundraising and development	368,828	-	368,828	323,130	-	323,130
Total supporting services	<u>587,738</u>	<u>-</u>	<u>587,738</u>	<u>428,439</u>	<u>-</u>	<u>428,439</u>
Total expenses	<u>22,790,645</u>	<u>-</u>	<u>22,790,645</u>	<u>19,281,018</u>	<u>-</u>	<u>19,281,018</u>
Change in net assets	1,244,954	3,151	1,248,105	5,283,584	(41,048)	5,242,536
Net assets						
Beginning of year	<u>14,928,422</u>	<u>56,729</u>	<u>14,985,151</u>	<u>9,644,838</u>	<u>97,777</u>	<u>9,742,615</u>
End of year	<u>\$ 16,173,376</u>	<u>\$ 59,880</u>	<u>\$ 16,233,256</u>	<u>\$ 14,928,422</u>	<u>\$ 56,729</u>	<u>\$ 14,985,151</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services					Supporting Services			Total
	Pharmacy Program	Medical Case Management and Peer Support	Non-Medical Case Management	Prevention	Other Client Services	Total Program Services	General Administration	Fundraising and Development	
Personnel costs	\$ 922,933	\$ 384,397	\$ 338,621	\$ 886,108	\$ 957,007	\$ 3,489,066	\$ 110,606	\$ 77,454	\$ 3,677,126
Advertising	14,152	-	-	2,211	92	16,455	4,911	193,600	214,966
Bad debt expense	-	-	-	-	-	-	-	-	-
Contracted services	4,422,928	2,288	2,793	6,019	131,192	4,565,220	48,755	60,121	4,674,096
Depreciation and amortization	33,560	70	82	3,945	886	38,543	12	21	38,576
Equipment rental and maintenance	9,203	6,738	731	10,854	10,032	37,558	19,936	569	58,063
Insurance	13,021	3,029	3,343	11,559	21,916	52,868	3,275	650	56,793
Internet, website, and information technology	26,927	6,978	7,338	21,840	56,651	119,734	6,995	18,428	145,157
Miscellaneous	7,249	59	59	272	5,306	12,945	4,638	434	18,017
Patient assistance	212,531	-	-	-	13,184	225,715	-	180	225,895
Postage and printing	2,480	317	337	21,072	2,227	26,433	987	8,708	36,128
Rent and occupancy	99,829	29,061	35,302	101,599	50,105	315,896	5,638	6,485	328,019
Repair and maintenance - facility	10,470	118	129	1,045	3,568	15,330	878	66	16,274
Subscriptions and memberships	73	-	-	60	6,582	6,715	1,693	-	8,408
Supplies	13,096,828	1,441	1,723	84,458	20,144	13,204,594	1,341	743	13,206,678
Telephone	6,502	2,136	2,028	7,059	3,055	20,780	635	359	21,774
Training and education	595	-	-	200	2,129	2,924	6,733	327	9,984
Travel	13,285	1,388	521	9,276	5,012	29,482	1,441	195	31,118
Utilities	5,493	2,229	2,450	8,344	4,133	22,649	436	488	23,573
	<u>\$ 18,898,059</u>	<u>\$ 440,249</u>	<u>\$ 395,457</u>	<u>\$ 1,175,921</u>	<u>\$ 1,293,221</u>	<u>\$ 22,202,907</u>	<u>\$ 218,910</u>	<u>\$ 368,828</u>	<u>\$ 22,790,645</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services					Supporting Services			Total
	Pharmacy Program	Medical Case Management and Peer Support	Non-Medical Case Management	Prevention	Other Client Services	Total Program Services	General Administration	Fundraising and Development	
Personnel costs	\$ 858,727	\$ 314,643	\$ 290,803	\$ 508,866	\$ 534,614	\$ 2,507,653	\$ 70,761	\$ 145,294	\$ 2,723,708
Advertising	1,072	49	51	1,489	882	3,543	363	118,393	122,299
Bad debt expense	-	-	-	-	16,045	16,045	-	-	16,045
Contracted services	4,738,515	3,911	4,312	7,574	51,645	4,805,957	10,047	1,976	4,817,980
Depreciation and amortization	361	153	172	5,773	181	6,640	24	72	6,736
Equipment rental and maintenance	4,845	421	700	2,392	3,088	11,446	2,569	126	14,141
Insurance	9,611	3,435	3,929	11,332	33,560	61,867	491	1,636	63,994
Internet, website, and information technology	25,348	6,950	7,601	15,626	25,985	81,510	5,207	33,446	120,163
Miscellaneous	17,974	8	30	707	6,001	24,720	3,118	839	28,677
Patient assistance	155,265	-	-	-	345	155,610	-	-	155,610
Postage and printing	1,787	24	353	24,992	711	27,867	1,046	530	29,443
Rent and occupancy	99,249	32,881	39,430	72,348	37,848	281,756	5,111	15,533	302,400
Repair and maintenance - facility	1,174	596	656	1,123	613	4,162	451	284	4,897
Subscriptions and memberships	47	1	2	22	11,307	11,379	1,168	1,181	13,728
Supplies	10,687,142	591	692	19,926	79,216	10,787,567	281	164	10,788,012
Telephone	5,856	1,880	1,731	3,403	1,740	14,610	225	689	15,524
Training and education	7,749	137	68	1,270	1,314	10,538	3,967	1,918	16,423
Travel	3,312	1,329	62	1,362	18,202	24,267	191	86	24,544
Utilities	4,268	2,023	2,142	4,372	2,637	15,442	289	963	16,694
	<u>\$ 16,622,302</u>	<u>\$ 369,032</u>	<u>\$ 352,734</u>	<u>\$ 682,577</u>	<u>\$ 825,934</u>	<u>\$ 18,852,579</u>	<u>\$ 105,309</u>	<u>\$ 323,130</u>	<u>\$ 19,281,018</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating activities		
Change in net assets	\$ 1,248,105	\$ 5,242,536
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Bad debt expense	-	16,045
Depreciation and amortization	38,576	6,736
Unrealized and realized (gains) losses on investments, net	1,602,972	(964)
Gain on disposal of fixed assets	-	(20,856)
Gain on forgiveness of notes payable	-	(398,985)
Changes in operating assets and liabilities		
Accounts receivable	(124,888)	(97,187)
Grants and contributions receivable	(63,161)	(31,653)
Inventory	(24,364)	-
Other assets	(50,211)	(10,114)
Accounts payable and accrued expenses	369,350	(142,107)
Deferred support and other liabilities	1,032	(229,959)
Net cash provided by operating activities	<u>2,997,411</u>	<u>4,333,492</u>
Investing activities		
Purchase of investments	(11,570,408)	(4,318,327)
Proceeds from sale of investments	5,231,332	27,470
Proceeds from sale of property and equipment	-	35,100
Purchase of property and equipment	(87,210)	(18,000)
Purchase of subsidiary	(1,848,143)	-
Net cash used in investing activities	<u>(8,274,429)</u>	<u>(4,273,757)</u>
Net change in cash and cash equivalents	(5,277,018)	59,735
Cash and cash equivalents		
Beginning of year	<u>9,584,948</u>	<u>9,525,213</u>
End of year	<u>\$ 4,307,930</u>	<u>\$ 9,584,948</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Hope and Help Center of Central Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

1. NATURE OF ORGANIZATION AND PURPOSE

Hope and Help Center of Central Florida, Inc. (“Hope and Help”) is a not-for-profit corporation founded to provide education and referral and resource services for individuals primarily located in the Central Florida area that are affected by Human Immunodeficiency Virus (“HIV”) or Acquired Immune Deficiency Syndrome. Services include medical case management and peer mentoring, education, food pantry, emergency financial assistance, prevention, HIV testing and counseling, and youth outreach. Agreements have been established with other providers for the provision of related services, primarily pharmacy.

A significant amount of the Hope and Help's support is received in the form of federal, state, and local funding, in particular grants from the U.S. Department of Health and Human Services.

In March 2022, Hope and Help executed a stock purchase agreement with a pharmaceutical retailer based in Orlando, Florida (the “Company”). Hope and Help is the sole owner of the Company (collectively, the “Center”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Center prepares its consolidated financial statements under the guidance of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Center is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations. These assets may, however, be subject to Board of Directors (“Board”) designation and unavailable for use at management’s discretion.

Net assets with donor restrictions: Net assets that are subject to donor-imposed stipulations. These stipulations either require the Center to maintain the net asset permanently, generally permitting all or part of the income earned on related assets to be used for general or specific purposes, or be met either by the completion of a stipulated action and/or the passage of time. As of June 30, 2022 and 2021, the Center does not have any assets that are required to be maintained permanently.

Basis of Consolidation

The consolidated financial statements include the accounts of Hope and Help and its wholly owned subsidiary. All significant intercompany balances and transactions have been eliminated in the consolidation.

Cash and Cash Equivalents

The Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Concentration of Credit Risk

The Center maintains its cash deposits at a bank. Cash deposits in the bank may, at times, exceed federally insured limits. The Center has not experienced any losses in its cash and cash equivalents and believes that there is no significant risk with respect to these deposits.

Advertising

The Center follows the policy of charging the costs of advertising to expense as incurred.

Accounts Receivable

Accounts receivable are stated at net realizable value. In determining whether or not to record an allowance for doubtful accounts, management makes a judgmental determination based on an evaluation of the facts and circumstances related to each account. Receivables are written off as a charge to the allowance when, in management's estimation, it is probable that the receivable is uncollectible. Accounts receivable at June 30, 2022 and 2021 consist primarily of pharmacy services. Based on management's analysis, an allowance for doubtful accounts of \$0 and \$23,602 were recorded as of June 30, 2022 and 2021, respectively.

Grants Receivable

Grants and awards receivable represent amounts due from federal, state, and local funding. The Center accounts for potential losses in these receivables by utilizing the allowance method. In reviewing aged receivables, the Center considers its knowledge of the funding source, historical activity, and current economic conditions in establishing an allowance for doubtful accounts. Management believes that all grants and awards receivable are fully collectible. Accordingly, no allowance for doubtful grants and awards receivable is required.

Inventory

Inventory is stated at the lower of cost or net realizable value; cost is determined using the first-in, first-out method. Inventory consists of pharmaceuticals sold to pharmacy patients.

Contributions

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions Receivable

Contributions receivable represent unconditional promises to give to the Center. The Center accounts for potential losses in this receivable by utilizing the allowance method. In reviewing aged receivables, the Center considers its knowledge of the funding source, historical activity, and current economic conditions in establishing an allowance for doubtful accounts. Management believes that all contributions receivable are fully collectible. Accordingly, no allowance for doubtful contributions receivable is required.

In-Kind Contributions

In-kind contributions are recorded as support and expensed at their fair value at the date of donation. The Center recognizes the fair value of contributed services received if such services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. In-kind contributions are composed of donated supplies, facilities, and services.

Hope and Help Center of Central Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Pharmacy Revenues

The Center participates in the 340B Drug Pricing Program which enables it to purchase and provide outpatient drugs at significantly reduced prices. The Center maintains contract pharmacy service agreements with several national and local pharmacies whereby the contracted pharmacies provide services to dispense outpatient drugs to those patients eligible under the program. Pharmacy transactions constitute a single performance obligation which is satisfied at a point in time when the prescription is filled. Patients and third-party payors are typically billed within several days of the service performed, with payments due based on the terms of various contractual agreements.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over estimated useful lives of three to seven years. Contributed assets are recorded at their estimated fair value at the date of contribution. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Leasehold improvements are amortized over the lesser of the length of the lease, inclusive of expected renewals, or the estimated useful life of the improvement. Repairs and maintenance are expensed as incurred.

Goodwill

The Center has adopted the accounting alternative for goodwill available to private companies under FASB ASC 350-20. Accordingly, the Center amortizes goodwill on a straight-line basis over 10 years. The Center evaluates goodwill for impairment at the entity level when a triggering event occurs that indicates that the fair value of the entity may be below its carrying value. When a triggering event occurs, the Center first assesses qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Center performs the quantitative test to compare the entity's fair value with its carrying amount, including goodwill. If the qualitative assessment indicates that it is not more likely than not that goodwill is impaired, further testing is unnecessary. The goodwill impairment loss, if any, represents the excess of the carrying amount of the entity over its fair value.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The cost of providing the various services and other activities has been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been charged to program services or supporting services based on a combination of specific identification and allocation by management of estimated time spent by employees involved in those areas or estimated time the Center spends utilizing owned and leased property in those areas.

Business Combination

The Center accounts for business combinations under the provisions of ASC Topic 958-805, *Not-for-Profit Entities, Business Combinations* ("ASC 958-805"), which requires the purchase method of accounting be used for all business combinations. Assets acquired and liabilities assumed are recorded at the date of acquisition at their respective fair values. ASC 958-805 also specifies criteria that intangible assets acquired in a business combination must meet in order to be recognized and reported apart from goodwill. Goodwill represents the excess purchase price over the fair value of the tangible net assets and intangible assets acquired in a business combination. Acquisition-related costs are recognized separately from the business combinations and are expensed as incurred. Such costs were not significant for the year ended June 30, 2022.

Hope and Help Center of Central Florida, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Income Taxes

The Center is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying consolidated financial statements.

Accounting principles generally accepted in the United States of America prescribe requirements for the recognition of income taxes in financial statements, and the amounts recognized are affected by income tax positions taken by the Center in its tax returns. The Center's status as an exempt organization is defined as an income tax position under these requirements. While management believes it has complied with the Internal Revenue Code, the sustainability of some income tax positions taken by the Center in its tax returns may be uncertain. There are minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized in the consolidated financial statements. Management does not believe that the Center has any material uncertain tax positions at June 30, 2022.

In the event interest and penalties were due relating to an unsustainable tax position, they would be treated as a component of income tax expense.

Investments

The Center accounts for investments in accordance with FASB ASC 958, *Not-for-Profit Entities*. Therefore, investments in debt and equity securities with readily determinable values are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 15 for discussion of fair value measurements.

Realized and unrealized gains and losses are reflected in the consolidated statements of activities. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. The Center's investments consist of bonds, mutual funds and exchange-traded funds with readily determinable market values.

Accounting Pronouncement Adopted in Current Year

Contributed Nonfinancial Assets

In September 2020, the FASB issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as in-kind gifts, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the consolidated statements of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Center retrospectively adopted the new guidance as of July 1, 2021 with minimal changes to related accounting policies and disclosures.

Accounting Pronouncements Issued But Not Yet Adopted

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. ASU 2016-02 establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the consolidated statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statements of income.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

ASU 2016-02 is currently effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. The Center is currently evaluating the impact of its pending adoption of ASU 2016-02 on its consolidated financial statements.

Subsequent Events

Management has evaluated subsequent events through November 30, 2022, the date which the consolidated financial statements were available to be issued. Based upon this evaluation, the Center has determined that no subsequent events have occurred, which require adjustment to or disclosure in the consolidated financial statements.

Reclassification

Certain amounts in the 2021 statement of financial position were reclassified to conform to the current year presentation. The reclassification had no effect on total assets, liabilities, or net assets.

3. BUSINESS ACQUISITION

In March, 2022, Hope and Help executed a stock purchase and sale agreement whereby Hope and Help acquired 100% of the stock of the Company for consideration of \$1,848,143.

The assets assumed in the acquisition are presented as follows:

Assets

Current assets		
Accounts receivable, net	\$	89,895
Inventory		<u>58,248</u>
Total current assets		148,143
Property and equipment, net		<u>95,000</u>
Total assets	\$	<u>243,143</u>
Net assets acquired	\$	<u>243,143</u>

There were no liabilities assumed as part of the acquisition.

4. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
U.S. Department of Health and Human Services Direct Grant	\$ 342,427	\$ 279,266

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

5. PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 25,000	\$ 7,012
Vehicles	89,000	18,000
Leasehold Improvements	<u>86,210</u>	<u>-</u>
	200,210	25,012
Less: Accumulated depreciation and amortization	<u>(4,509)</u>	<u>(6,383)</u>
Total property and equipment, net	<u>\$ 195,701</u>	<u>\$ 18,629</u>

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 totaled \$5,138 and \$6,736, respectively.

6. GOODWILL

In March 2022, Hope and Help acquired a pharmaceutical retailer resulting the creation of goodwill (see Note 3). At June 30, 2022, goodwill consists of the following:

Goodwill	\$ 1,605,000
Less: Accumulated amortization	<u>(33,438)</u>
Goodwill, net	<u>\$ 1,571,562</u>

Amortization expense for the year ended June 30, 2022 and totaled \$33,438. Expected amortization expense for each of the years ended June 30, 2023-2027 is \$160,500, and thereafter \$769,062.

7. NOTES PAYABLE

In April 2020, the Center obtained an unsecured promissory note (the "PPP Loan") in the amount of \$388,985 through the Paycheck Protection Program ("PPP") established under the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration ("SBA"). The PPP Loan is guaranteed by the SBA. The Center also obtained an Economic Injury Disaster Loan Advance ("EIDL Advance") in the amount of \$10,000 in connection with the PPP Loan. The PPP Loan may be forgiven, in whole or in part, if the Center was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within the defined 8 or 24-week period after the PPP Loan was disbursed, and otherwise satisfied PPP requirements. The PPP Loan had a two-year term, accrued interest at 1% per annum, and had an original maturity date in April 2022.

In November 2020, the Center received notification of full forgiveness of its PPP Loan and EIDL Advance. Accordingly, the Center recorded the forgiveness of debt of \$398,985 as other income in the accompanying consolidated statement of activities for the year ended June 30, 2021.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

8. IN-KIND CONTRIBUTIONS

In-kind contributions are recognized in the accompanying consolidated statements of activities based on their values at the time of donation. In-kind contributions consisted of the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Supplies	\$ -	\$ 712
Rent	<u>10,800</u>	<u>10,800</u>
	<u>\$ 10,800</u>	<u>\$ 11,512</u>

Included in the in-kind contributions on the accompanying consolidated statements of activities are rent and supplies. The Center receives the use of three offices as a donation. The fair value of the offices is estimated to each be \$300 per month. The leases are short term, and their renewals are contingent upon the renewal of certain federal grants. A total of \$10,800 is included in the accompanying consolidated statements of activities for each of the years ended June 30, 2022 and 2021.

9. COMMITMENTS

Operating Lease

The Center has certain noncancelable lease agreements for office space with ending dates ranging from September 2026 through March 2027. In addition, the Center leases office space from various medical providers of the 340B Drug Pricing Program at \$500 a month per provider through agreements expiring through April 2023.

Future minimum lease payments under these arrangements are as follows:

2023	\$ 285,118
2024	273,369
2025	280,184
2026	272,037
2027	<u>86,507</u>
	<u>\$ 1,197,215</u>

Total lease expense for the years ended June 30, 2022 and 2021 amounted to \$275,770 and \$252,532, respectively, and is included in rent and occupancy on the accompanying consolidated statements of functional expenses.

Service Contract

In April 2019, the Center entered into a professional services contract with a 340B consultant to assist with pharmacy program operations through an agreement with an initial term through April 2021, after which the contract continues on a year-to-year basis. Should the Center terminate the agreement prematurely without cause, as defined in the contract, it is obligated to pay the consultant a monthly termination fee in the amount of \$5,000 through the remainder of the agreement. Annual fees paid to the consultant are calculated as the greater of a defined hourly rate or a percentage of the net revenue of the program. The contract was terminated in May 2022. The total fees paid under this arrangement for the years ended June 30, 2022 and 2021 amounted to \$567,665 and \$713,758, respectively, and are included in contracted services expense on the accompanying consolidated statements of functional expenses.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

10. EMPLOYEE SAVINGS PLAN

The Center maintains a savings plan, available to substantially all employees, which permits participants to make contributions by salary reduction pursuant to section 401(k) of the Internal Revenue Code (the "Plan"). The Plan provides for discretionary contributions by the Center, of which the employees are fully vested after three years. Contributions to the Plan for the years ended June 30, 2022 and 2021 totaled \$50,726 and \$41,600, respectively.

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2022 and 2021 and related activity consists of the following:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2022</u>
Contributions restricted for mental health services	\$ 23,543	\$ -	\$ (1,815)	\$ 21,728
Contributions restricted for food pantry	-	7,000	(5,940)	1,060
Contributions restricted for youth empowerment programs	<u>33,186</u>	<u>5,697</u>	<u>(1,791)</u>	<u>37,092</u>
	<u>\$ 56,729</u>	<u>\$ 12,697</u>	<u>\$ (9,546)</u>	<u>\$ 59,880</u>
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2021</u>
Contributions restricted for mental health services	\$ 59,295	\$ -	\$ (35,752)	\$ 23,543
Contributions restricted for food pantry	9,687	3,500	(13,187)	-
Contributions restricted for youth empowerment programs	<u>28,795</u>	<u>8,693</u>	<u>(4,302)</u>	<u>33,186</u>
	<u>\$ 97,777</u>	<u>\$ 12,193</u>	<u>\$ (53,241)</u>	<u>\$ 56,729</u>

There were no pledges receivable or time restricted donations at either June 30, 2022 or 2021.

12. CONCENTRATIONS, COMMITMENTS, AND CONTINGENCIES

Significant Vendors

The Center is dependent upon third-party service providers and suppliers for all of its pharmaceuticals. The Center is dependent on the ability of its vendors to provide products, services, and eligibility screening on a timely basis and on favorable and accurate pricing terms. The loss of certain principal vendors or a significant reduction in product and/or service availability could have a material effect on the Center. The Center believes that its relationships with its vendors are satisfactory.

Two companies accounted for 77% and 18% of pharmaceuticals for the year ended June 30, 2022, totaling approximately \$10,042,000 and \$2,382,000, respectively. The same companies accounted for 79% and 2% of accounts payable at June 30, 2022.

Two companies accounted for 82% and 17% of pharmaceuticals for the year ended June 30, 2021, totaling approximately \$9,738,000 and \$1,816,000, respectively. One company accounted for 85% of accounts payable at June 30, 2021.

Significant Grantors and Accounts Receivable

The largest grantor accounted for \$335,931 of grants receivable at June 30, 2022 and \$1,801,397 of support. Two pharmacies made up 44% and 20% of accounts receivable at June 30, 2022.

The largest grantor accounted for \$279,266 of grants receivable at June 30, 2021 and \$1,046,423 of support. Four pharmacies made up 24%, 13%, 12%, and 10% of accounts receivable at June 30, 2021.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Pharmacy Program

As an eligible organization, the Center is required to register annually and comply with all 340B program requirements. Covered entities operating under contract pharmacy agreements retain responsibility for the disposition of the drugs and must ensure compliance with all 340B program requirements. Covered entities may be subject to audit by drug manufacturers or the federal government wherein findings of noncompliance may result in the requirement to refund discounts obtained. The Center's 340B pharmacy revenue was \$22,791,777 and \$22,622,149 for the years ended June 30, 2022 and 2021, respectively.

13. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Center's financial assets available within one year of the statement of financial position date for general expenditures at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 4,307,930	\$ 9,572,957
Accounts receivable, net	2,011,845	1,797,062
Grants and contributions receivable	342,427	279,266
Other assets	<u>8,650</u>	<u>680</u>
	6,670,852	11,649,965
Less: Amounts unavailable for general expenditures within one year, due to		
Donor restricted for specific purposes	(59,880)	(56,729)
Contractual obligations		
Noncancelable leases	(285,118)	(219,407)
Service contract	<u>-</u>	<u>(50,000)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 6,325,854</u>	<u>\$ 11,323,829</u>

As part of the Center's liquidity management, it has a policy to structure its financial assets according to its nearness of conversion to cash and liabilities according to the nearness of its maturity and resulting use of cash.

14. INVESTMENTS

Investments consist of the following at June 30:

	<u>2022</u>		
	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Unrealized Gain (Loss)</u>
Bonds	\$ 3,102,900	\$ 3,538,056	\$ 435,156
Equity	5,323,247	6,418,369	1,095,122
Exchange Traded Funds	<u>601,778</u>	<u>671,099</u>	<u>69,321</u>
	<u>\$ 9,027,925</u>	<u>\$ 10,627,524</u>	<u>\$ 1,599,599</u>

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

	<u>2021</u>		
	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Unrealized Gain (Loss)</u>
Bonds	\$ 3,920,125	\$ 3,917,132	\$ (2,993)
Equity	<u>371,696</u>	<u>366,842</u>	<u>(4,854)</u>
	<u>\$ 4,291,821</u>	<u>\$ 4,283,974</u>	<u>\$ (7,847)</u>

The unrealized and realized gains (net of losses) related to these investments totaled (\$1,747,260) and \$964 for the years ended June 30, 2022 and 2021, respectively, which are included in other income (expenses), net on the accompanying consolidated statements of activities. Dividends and interest income related to these investments totaled \$166,421 and \$3,248 for the years ended June 30, 2022 and 2021, respectively.

15. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurement and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Center are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Center are deemed to be actively traded.

Exchange-Traded Funds: Valued at the closing price reported on the active market on which the individual funds trade.

Bonds: Valued based on the last trade price of the fiscal year. When the bond has not been traded on the last day of the fiscal year, the price is obtained from an independent third-party pricing company.

The following table sets forth by level, within the fair value hierarchy, the Center's assets measured at fair value as of June 30:

	<u>2022</u>	<u>2021</u>
Level 1		
Equities		
Domestic	\$ 3,319,007	\$ 254,122
Foreign	2,000,910	117,574
Exchange Traded Funds	<u>601,778</u>	<u>-</u>
	<u>5,921,695</u>	<u>371,696</u>
 Level 2		
Bonds		
Corporate	252,721	60,165
Bond fund	2,251,731	3,751,113
U.S. Treasury	<u>601,778</u>	<u>108,847</u>
	<u>3,106,230</u>	<u>3,920,125</u>
	<u>\$ 9,027,925</u>	<u>\$ 4,291,821</u>



SUPPLEMENTARY INFORMATION

Hope and Help Center of Central Florida, Inc. and Subsidiary
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<u>Federal Grantor/Pass Through/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Orange County (Florida)			
HIV Emergency Relief Project Grants			
Medical Case Management	93.914	Y18-180B	\$ 286,582
Medical Case Management	93.914	Y18-180B	138,422
Referral for Health Care and Support Services	93.914	Y18-180B	219,158
Referral for Health Care and Support Services	93.914	Y18-180B	72,083
Ending the HIV Epidemic	93.914	Y18-180B	70,119
Ending the HIV Epidemic	93.914	Y18-180B	<u>40,671</u>
			<u>827,035</u>
Passed through Orange County Health Services			
HIV Emergency Relief Project Grants	93.914	M0000104601	<u>10,000</u>
Passed through Heart of Florida United Way			
HIV Care Formula Grants			
Non-Medical Case Management/Early Intervention	93.917	CODLQ-7	96,409
Non-Medical Case Management/Early Intervention	93.917	CODLQ-7	<u>25,369</u>
			<u>121,778</u>
Passed through State of Florida Department of Health			
HIV Prevention Activities Health Department Based			
CODOW	93.940	CODML	187,200
CODOW	93.940	CODML	186,600
SSP	93.940	SSP	<u>26,444</u>
			<u>400,244</u>
Passed through Department of Health and Human Services			
U.S. Department of Health and Human Services			
HIV Prevention Activities	93.939	CDC	<u>441,625</u>
Passed through Seminole County (Florida)			
Substance Abuse and Mental Health Services Projects of Regional and National Significance			
Act, Title V Substance Abuse and Mental Health Services Administration (SAMHSA)	93.243	IH79T1026088-01	195
Seminole County Adult Treatment Drug Court Enhancement Project	93.243	IH79T1026088-01	<u>520</u>
			<u>715</u>
Total expenditures of federal awards			<u>\$ 1,801,397</u>

See Independent Auditor's Report.
See accompanying Notes to Schedule of Expenditures of Federal Awards.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Schedule of Expenditures of Federal Awards
Year June 30, 2022

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Hope and Help Center of Central Florida, Inc. and Subsidiary (collectively, the "Center") under programs of the federal government for the year ended June 30, 2022. The information in the Schedule 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 Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. INDIRECT COST RATE

The Center has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

4. RECEIVABLES FROM THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

The Center submits requests for reimbursement to the pass-through entities of the U.S. Department of Health and Human Services ("HHS") on a periodic basis and not HHS directly. At June 30, 2022, there was \$335,931 in receivables outstanding from HHS.

5. SUBRECIPIENTS

There were no federal awards provided to subrecipients.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Hope and Help Center of Central Florida, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Hope and Help Center of Central Florida, Inc. and Subsidiary(collectively, the "Center") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements, and have issued our report thereon dated November 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Center'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 Center's consolidated 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 and significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated 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*.

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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



November 30, 2022

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hope and Help Center of Central Florida, Inc.:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hope and Help Center of Central Florida, Inc.'s and Subsidiary (collectively, the "Center") (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2022. The Center'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, the Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); 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 the Center 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 the Center'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 the Center'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 the Center'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 GAAS, *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. 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 the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, 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 the Center'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 the Center'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 the Center'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.

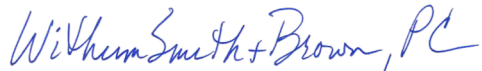
Report on Internal Control Over Compliance

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.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

November 30, 2022

**Hope and Help Center of Central Florida, Inc. and Subsidiary
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2022**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Consolidated Financial Statements

Type of auditor’s report issued on whether the Consolidated financial statements were prepared with GAAP	Unmodified	
Internal control over financial reporting		
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to consolidated financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards Programs

Internal control over major programs		
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Type of auditor’s report issued on compliance for major federal programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major program:

Assistance Listing Number

93.914

Name of Federal Program or Cluster

HIV Emergency Relief Project Grants

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000	
Auditee qualified as low-risk auditee	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Hope and Help Center of Central Florida, Inc. and Subsidiary
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

SECTION II – CONSOLIDATED FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS

No matters were reported.