



HOPE AND HELP CENTER OF CENTRAL FLORIDA, INC. AND SUBSIDIARY
Consolidated Financial Statements and Supplementary Information
June 30, 2023 and 2022
With Independent Auditor's Reports

Hope and Help Center of Central Florida, Inc. and Subsidiary
Table of Contents
June 30, 2023 and 2022

Independent Auditor's Report	1-3
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses	6-7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9-20
Supplementary Information	
Schedule of Expenditures of Federal Awards	21
Notes to Schedule of Expenditures of Federal Awards	22
Reports on Internal Control and Compliances	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23-24
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	25-27
Schedule of Findings and Questioned Costs	28-29

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter

Leases

As described in Note 2, the Center adopted Topic 842, *Leases*, as of July 1, 2022. Prior period amounts have not been adjusted and continue to be reported in accordance with the Center's historic accounting under Topic 840. Our opinion is not modified with respect to this matter.

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, 2023, 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 February 6, 2023, 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

February 6, 2024

Hope and Help Center of Central Florida, Inc. and Subsidiary
Consolidated Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 4,918,784	\$ 4,307,930
Accounts receivable, net	1,997,047	2,011,845
Grants and contributions receivable	427,259	342,427
Inventory	42,962	82,612
Other assets	<u>195,032</u>	<u>124,785</u>
Total current assets	7,581,084	6,869,599
Investments	11,743,705	9,027,925
Deposits	20,325	20,325
Property and equipment, net	162,083	195,701
Goodwill, net	1,411,062	1,571,562
Right-of-use assets - operating, net	<u>874,679</u>	<u>-</u>
Total assets	<u>\$ 21,792,938</u>	<u>\$ 17,685,112</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,372,669	\$ 1,450,824
Deferred support	79,998	1,032
Current portion of lease liabilities - operating	<u>265,934</u>	<u>-</u>
Total current liabilities	1,718,601	1,451,856
Lease liabilities - operating, net of current portion	<u>620,422</u>	<u>-</u>
Total liabilities	<u>2,339,023</u>	<u>1,451,856</u>
Net assets		
Without donor restrictions	19,401,815	16,173,376
With donor restrictions	<u>52,100</u>	<u>59,880</u>
Total net assets	<u>19,453,915</u>	<u>16,233,256</u>
Total liabilities and net assets	<u>\$ 21,792,938</u>	<u>\$ 17,685,112</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, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Federal grants	\$ 2,077,271	\$ -	\$ 2,077,271	\$ 1,801,397	\$ -	\$ 1,801,397
State, local, and other grants	98,724	-	98,724	58,774	-	58,774
Special events, net of related expenses	(24,828)	-	(24,828)	-	-	-
Contributions	30,229	4,000	34,229	19,105	12,698	31,803
Medical services	189,195	-	189,195	256,698	-	256,698
Pharmacy revenue	25,265,225	-	25,265,225	23,498,190	-	23,498,190
In-kind contributions	24,672	-	24,672	10,800	-	10,800
Other income (expense), net	1,041,788	-	1,041,788	(1,618,912)	-	(1,618,912)
Net assets released from restrictions	<u>11,780</u>	<u>(11,780)</u>	<u>-</u>	<u>9,547</u>	<u>(9,547)</u>	<u>-</u>
Total support and revenue	<u>28,714,056</u>	<u>(7,780)</u>	<u>28,706,276</u>	<u>24,035,599</u>	<u>3,151</u>	<u>24,038,750</u>
Expenses						
Program services						
Pharmacy program	21,127,483	-	21,127,483	18,898,059	-	18,898,059
Medical case management and peer support	596,722	-	596,722	440,249	-	440,249
Non-medical case management	457,176	-	457,176	395,457	-	395,457
Prevention	1,514,329	-	1,514,329	1,175,921	-	1,175,921
Other client services	<u>1,021,255</u>	<u>-</u>	<u>1,021,255</u>	<u>1,293,221</u>	<u>-</u>	<u>1,293,221</u>
Total program services	<u>24,716,965</u>	<u>-</u>	<u>24,716,965</u>	<u>22,202,907</u>	<u>-</u>	<u>22,202,907</u>
Supporting services						
General administration	497,223	-	497,223	218,910	-	218,910
Fundraising and development	<u>271,429</u>	<u>-</u>	<u>271,429</u>	<u>368,828</u>	<u>-</u>	<u>368,828</u>
Total supporting services	<u>768,652</u>	<u>-</u>	<u>768,652</u>	<u>587,738</u>	<u>-</u>	<u>587,738</u>
Total expenses	<u>25,485,617</u>	<u>-</u>	<u>25,485,617</u>	<u>22,790,645</u>	<u>-</u>	<u>22,790,645</u>
Change in net assets	3,228,439	(7,780)	3,220,659	1,244,954	3,151	1,248,105
Net assets						
Beginning 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>
End of year	<u>\$ 19,401,815</u>	<u>\$ 52,100</u>	<u>\$ 19,453,915</u>	<u>\$ 16,173,376</u>	<u>\$ 59,880</u>	<u>\$ 16,233,256</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, 2023

	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	\$ 1,558,990	\$ 505,578	\$ 386,270	\$ 997,213	\$ 774,074	\$ 4,222,125	\$ 158,401	\$ 101,362	\$ 4,481,888
Advertising	2,603	-	-	8,480	205	11,288	10,282	69,839	91,409
Contracted services	4,349,979	5,243	4,637	216,872	16,339	4,593,070	26,207	17,163	4,636,440
Depreciation and amortization	39,655	-	-	14,206	4,526	58,387	160,500	-	218,887
Equipment rental and maintenance	2,472	2,260	3,611	4,882	7,925	21,150	14,520	-	35,670
Insurance	37,042	6,290	5,616	23,075	28,331	100,354	4,018	1,757	106,129
Internet, website, and information technology	88,034	11,995	10,749	28,250	60,399	199,427	21,341	59,338	280,106
Miscellaneous	26,596	-	103	2,130	8,612	37,441	75,504	777	113,722
Patient assistance	119,555	15,453	-	279	255	135,542	-	-	135,542
Postage and printing	4,190	205	205	8,556	805	13,961	2,138	5,862	21,961
Rent and occupancy	141,567	38,548	37,995	99,931	44,843	362,884	7,918	10,243	381,045
Repair and maintenance - facility	5,953	-	-	-	-	5,953	2,944	-	8,897
Repair & maintenance- RV	-	-	-	2,450	-	2,450	-	-	2,450
Subscriptions and memberships	-	-	-	-	3,744	3,744	950	402	5,096
Supplies	14,693,511	2,633	2,132	86,619	50,005	14,834,900	1,119	451	14,836,470
Telephone	7,931	2,767	2,236	6,473	2,863	22,270	1,011	383	23,664
Training and education	19,331	195	-	4,215	3,624	27,365	3,197	1,350	31,912
Travel	25,445	2,366	777	(516)	9,919	37,991	6,601	1,981	46,573
Utilities	4,629	3,189	2,845	11,214	4,786	26,663	572	521	27,756
	<u>\$ 21,127,483</u>	<u>\$ 596,722</u>	<u>\$ 457,176</u>	<u>\$ 1,514,329</u>	<u>\$ 1,021,255</u>	<u>\$ 24,716,965</u>	<u>\$ 497,223</u>	<u>\$ 271,429</u>	<u>\$ 25,485,617</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, 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
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 Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating activities		
Change in net assets	\$ 3,220,659	\$ 1,248,105
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	218,887	38,576
Unrealized and realized (gains) losses on investments, net	(723,394)	1,602,972
Amortization of right-of-use assets - operating	265,118	-
Changes in operating assets and liabilities		
Accounts receivable	14,798	(124,888)
Grants and contributions receivable	(84,832)	(63,161)
Inventory	39,650	(24,364)
Other assets	(70,247)	(50,211)
Accounts payable and accrued expenses	(78,155)	369,350
Deferred support and other liabilities	78,966	1,032
Lease liabilities - operating	(253,441)	-
Net cash provided by operating activities	<u>2,628,009</u>	<u>2,997,411</u>
Investing activities		
Purchase of investments	(3,354,013)	(11,570,408)
Proceeds from sale of investments	1,361,627	5,231,332
Purchase of property and equipment	(24,769)	(87,210)
Purchase of subsidiary	-	(1,848,143)
Net cash used in investing activities	<u>(2,017,155)</u>	<u>(8,274,429)</u>
Net change in cash and cash equivalents	610,854	(5,277,018)
Cash and cash equivalents		
Beginning of year	<u>4,307,930</u>	<u>9,584,948</u>
End of year	<u>\$ 4,918,784</u>	<u>\$ 4,307,930</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, 2023 and 2022

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, 2023 and 2022, 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, 2023 and 2022

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. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Center's financial condition, results of operations, and cash flows.

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, 2023 and 2022 consist primarily of pharmacy services. Management believes that all accounts receivable are fully collectible. Accordingly, no allowance for doubtful accounts receivable is required. Accounts receivable as of July 1, 2021 was \$1,797,062.

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, 2023 and 2022

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.

Leases

The Center categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow the Center to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the statement of financial position. The Center had no finance leases during 2023 or 2022.

Certain lease contracts include obligations to pay for other services, such as operations, property taxes, and maintenance. For leases of property, the Center accounts for these services as a component of the lease. The services are accounted for separately and payments are allocated to the lease and other service components based on estimated stand-alone prices.

Lease liabilities are recognized at the present value of the fixed lease payments using a discount rate based on the risk-free rate. Right-of-use assets are recognized based on the initial present value of the fixed lease payments plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

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

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease. Finance lease assets are amortized on a straight-line basis over the shorter of the estimated useful lives of the assets or the lease term. The interest component of a finance lease is included in interest expense and recognized using the effective interest method over the lease term.

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.

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, 2023.

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.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

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

Leases

On July 1, 2022, the Center adopted Accounting Standards Codification Topic 842, *Leases*, ("ASC 842"), which supersedes Accounting Standards Codification Topic 840, *Leases*, ("ASC 840").

The Center adopted the provisions of ASC 842 using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption as the Center utilized the practical expedient available under the guidance. Further, the Center elected to implement the package of practical expedients, whereby the Center did not (i) reassess existing contracts for embedded leases, (ii) reassess existing lease agreements for finance or operating classification, or (iii) reassess existing lease agreements in consideration of initial direct costs.

Upon adoption, the Center recognized \$1,139,797 in right-of-use ("ROU") operating assets related to its leased office space. Corresponding lease liabilities of \$1,139,797 were also recognized. There was no cumulative effect of applying the new standard and accordingly there was no adjustment to retained net assets upon adoption.

Subsequent Events

Management has evaluated subsequent events through February 6, 2024, 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.

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 purpose of the acquisition was to further the mission and services of the Center. The resulting goodwill of \$1,605,000 arising from the acquisition consists largely of synergies and economies of scale generated from combining operations of the Hope and Help and the Company. There are no tax implications related to the purchase and sale agreement, as the operations of the Company fall within the scope of the mission of the Center.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

The assets assumed in the acquisition are presented as follows:

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>
Goodwill acquired	<u>1,605,000</u>
Total consideration paid	<u>\$ 1,848,143</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>2023</u>	<u>2022</u>
U.S. Department of Health and Human Services Direct Grant	\$ <u>427,259</u>	\$ <u>342,427</u>

5. PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 19,015	\$ 25,000
Vehicles	120,605	89,000
Leasehold Improvements	<u>85,359</u>	<u>86,210</u>
	224,979	200,210
Less: Accumulated depreciation and amortization	<u>(62,896)</u>	<u>(4,509)</u>
Total property and equipment, net	<u>\$ 162,083</u>	<u>\$ 195,701</u>

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 totaled \$58,387 and \$5,138, respectively.

6. GOODWILL

In March 2022, Hope and Help acquired a pharmaceutical retailer resulting the creation of goodwill (see Note 3). At June 30, 2023 and 2022, goodwill consists of the following:

	<u>2023</u>	<u>2022</u>
Goodwill	\$ 1,605,000	\$ 1,605,000
Less: Accumulated amortization	<u>(193,938)</u>	<u>(33,438)</u>
Goodwill, net	<u>\$ 1,411,062</u>	<u>\$ 1,571,562</u>

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Amortization expense for the years ended June 30, 2023 and 2022 and totaled \$160,500 and \$33,438, respectively. Expected amortization expense for each of the years ended June 30, 2024-2028 is \$160,500, and thereafter \$608,562.

7. 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>2023</u>	<u>2022</u>
Services and sponsorships	\$ 13,872	\$ -
Rent	<u>10,800</u>	<u>10,800</u>
	<u>\$ 24,672</u>	<u>\$ 10,800</u>

Services and sponsorships are valued at the donor's estimated market value of the contribution at the time of donation. 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, based on the approximate market value of similar properties. 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, 2023 and 2022.

8. LEASES

In Center has several operating lease agreements expiring on various dates through February 2027. Rent expense for the operating leases amounted to approximately \$275,000 for the year ended June 30, 2022.

Future minimum lease commitments at June 30, 2022 were as follows:

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

As stated in Note 2, the Center adopted ASC 842 on July 1, 2022.

The following is a maturity analysis of annual undiscounted cash flows of the operating lease liabilities as of June 30, 2023:

2024	\$ 277,653
2025	268,214
2026	274,923
2027	<u>88,433</u>
	909,223
Less: Imputed interest	<u>(22,867)</u>
Lease liability at June 30, 2023	<u>\$ 886,356</u>

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Lease expense comprises the following for the year ended June 30, 2023:

Lease expense	
Long-term leases	\$ 280,947
Short-term leases	<u>81,937</u>
Total lease expense	<u>\$ 362,884</u>

Other information:

Cash paid for amounts included in the measurement of operating lease liabilities	<u>\$ 269,270</u>
---	-------------------

Weighted-average remaining lease term - operating leases	3.29 years
Weighted-average discount rate - operating leases	1.58%

9. COMMITMENTS

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, 2023 and 2022 amounted to zero and \$567,665, respectively, and are included in contracted services expense on the accompanying consolidated statements of functional expenses.

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, 2023 and 2022 totaled \$74,407 and \$50,726, respectively.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2023 and 2022 and related activity consists of the following:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2023</u>
Contributions restricted for mental health services	\$ 21,728	\$ -	\$ (910)	\$ 20,818
Contributions restricted for food pantry	1,060	4,000	(5,060)	-
Contributions restricted for youth empowerment programs	<u>37,092</u>	<u>-</u>	<u>(5,810)</u>	<u>31,282</u>
	<u>\$ 59,880</u>	<u>\$ 4,000</u>	<u>\$ (11,780)</u>	<u>\$ 52,100</u>
	<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>5,698</u>	<u>(1,792)</u>	<u>37,092</u>
	<u>\$ 56,729</u>	<u>\$ 12,698</u>	<u>\$ (9,547)</u>	<u>\$ 59,880</u>

There were no pledges receivable or time restricted donations at either June 30, 2023 or 2022.

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 74% and 17% of pharmaceuticals for the year ended June 30, 2023, totaling approximately \$9,936,000 and \$2,312,000, respectively. The same companies accounted for 76% and 10% of accounts payable at June 30, 2023.

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.

Significant Grantors and Accounts Receivable

The largest grantor accounted for \$418,000 of grants receivable at June 30, 2023 and \$2,077,250 of support. Three pharmacies made up 37%, 16%, and 12% of accounts receivable at June 30, 2023.

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.

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 approximately \$22,806,000 and \$22,792,000 for the years ended June 30, 2023 and 2022, respectively.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

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, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,918,784	\$ 4,307,930
Accounts receivable, net	1,997,047	2,011,845
Grants and contributions receivable	427,259	342,427
Other assets	<u>2,490</u>	<u>8,650</u>
	7,345,580	6,670,852
Less: Amounts unavailable for general expenditures within one year, due to		
Donor restricted for specific purposes	(52,100)	(59,880)
Contractual obligations		
Noncancelable leases	<u>(277,653)</u>	<u>(285,118)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 7,015,827</u>	<u>\$ 6,325,854</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>2023</u>		
	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Unrealized Gain (Loss)</u>
Bonds	\$ 3,647,720	\$ 4,224,619	\$ (576,899)
Equity	6,253,205	6,442,480	(189,275)
Certificates of Deposit	<u>1,842,780</u>	<u>1,800,000</u>	<u>42,780</u>
	<u>\$ 11,743,705</u>	<u>\$ 12,467,099</u>	<u>\$ (723,394)</u>
	<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, 2023 and 2022

The unrealized and realized gains (net of losses) related to these investments totaled \$828,701 and (\$1,747,260) for the years ended June 30, 2023 and 2022, 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 \$213,087 and \$166,421 for the years ended June 30, 2023 and 2022, 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.

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.

Certificates of Deposit: Valued at amortized cost plus interest which approximates fair value.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

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>2023</u>	<u>2022</u>
<i>Level 1</i>		
Equities		
Domestic	\$ 3,896,778	\$ 3,319,007
Foreign	2,356,427	2,000,910
Exchange Traded Funds	<u>-</u>	<u>601,778</u>
	<u>6,253,205</u>	<u>5,921,695</u>
 <i>Level 2</i>		
Bonds		
Corporate	162,718	252,721
Bond fund	2,835,718	2,251,731
U.S. Treasury	649,284	601,778
Certificates of Deposit	<u>1,842,780</u>	<u>-</u>
	<u>5,490,500</u>	<u>3,106,230</u>
	<u>\$ 11,743,705</u>	<u>\$ 9,027,925</u>



SUPPLEMENTARY INFORMATION

Hope and Help Center of Central Florida, Inc. and Subsidiary
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

<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	\$ 299,462
Medical Case Management	93.914	Y23-2503B	155,898
Referral for Health Care and Support Services	93.914	Y18-180B	141,434
Referral for Health Care and Support Services	93.914	Y23-2503B	81,886
Peer Mentoring	93.914	Y23-2504	17,696
HIV Testing Specific	93.914	Y18-180B	<u>89,242</u>
			<u>785,618</u>
Ending the HIV Epidemic in the U.S. (EHE)			
Ending the HIV Epidemic (EHE) HIV Testing Services	93.686	Y23-2505	45,303
Ending the HIV Epidemic (EHE) Medical Case Manager	93.686	Y23-2500	<u>35,775</u>
			<u>81,078</u>
			<u>866,696</u>
Passed through Heart of Florida United Way			
HIV Care Formula Grants			
Non-Medical Case Management/Early Intervention	93.917	CODTZ-5	97,827
Non-Medical Case Management/Early Intervention	93.917	CODTZ-5	<u>14,364</u>
			<u>112,191</u>
Passed through State of Florida Department of Health			
HIV Prevention Activities Health Department Based			
CODOW	93.940	CODML	172,746
CODOW	93.940	CODML	<u>178,895</u>
			<u>351,641</u>
Passed through Department of Health and Human Services			
U.S. Department of Health and Human Services			
HIV Prevention Activities	93.939	NU62PS924741	678,836
Substance Abuse and Mental Health Services Administration (SAMHSA)			
Seminole County Adult Treatment Drug Court Enhancement Project			
	93.243	IH79T1026088-01	130
Orange County Substance Abuse and HIV Prevention Navigator Program for Racial/Ethnic Minorities	93.243	6H79SP082221-02M001	<u>45,652</u>
			<u>45,782</u>
Passed through National Council for Mental Wellbeing			
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	2404.0006.0027	<u>22,125</u>
			<u>22,125</u>
			<u>\$ 2,077,271</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 Ended June 30, 2023

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, 2023. 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, 2023, there was \$417,585 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 of
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, 2023, 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 February 6, 2024.

Report on 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.

Report on 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.

Withum Smith + Brown, PC

February 6, 2024

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 of
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, 2023. 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, 2023.

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.

Withum Smith + Brown, PC

February 6, 2024

Hope and Help Center of Central Florida, Inc. and Subsidiary
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

**Hope and Help Center of Central Florida, Inc. and Subsidiary
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

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.