

Hope and Help Center of Central Florida, Inc. and Subsidiary
Consolidated Financial Statements
June 30, 2025 and 2024
With Independent Auditor's Report

Hope and Help Center of Central Florida, Inc. and Subsidiary
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June 30, 2025 and 2024

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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, 2025 and 2024, 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, 2025 and 2024, and the changes in their net assets and their 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 within one year after the date 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025 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.



December 12, 2025

Hope and Help Center of Central Florida, Inc. and Subsidiary
Consolidated Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 6,268,163	\$ 6,181,678
Accounts receivable	1,880,081	3,742,398
Grants and contributions receivable	476,545	1,085,564
Inventory	309,074	140,251
Other assets	214,609	354,939
Total current assets	9,148,472	11,504,830
Noncurrent assets		
Investments	14,396,119	13,065,684
Deposits	20,325	20,325
Property and equipment, net	122,150	142,019
Right-of-use assets - operating, net	347,663	605,451
Goodwill, net	1,090,062	1,250,562
Total noncurrent assets	15,976,319	15,084,041
Total assets	\$ 25,124,791	\$ 26,588,871
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,804,936	\$ 3,156,309
Deferred revenue	6,300	37,141
Current portion of lease liabilities - operating	271,561	260,646
Total current liabilities	2,082,797	3,454,096
Noncurrent liabilities		
Lease liabilities - operating, net of current portion	88,214	359,776
Total liabilities	2,171,011	3,813,872
Net assets		
Without donor restrictions	22,896,041	22,717,260
With donor restrictions	57,739	57,739
Total net assets	22,953,780	22,774,999
Total liabilities and net assets	\$ 25,124,791	\$ 26,588,871

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, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Federal grants	\$ 3,502,476	\$ -	\$ 3,502,476	\$ 3,705,845	\$ -	\$ 3,705,845
State, local, and other grants	-	-	-	43,907	-	43,907
Special events, net of related expenses	(87,221)	-	(87,221)	(59,210)	-	(59,210)
Contributions	71,340	-	71,340	371,216	37,000	408,216
Medical services	284,431	-	284,431	255,604	-	255,604
Pharmacy revenue	28,393,172	-	28,393,172	28,728,337	-	28,728,337
In-kind contributions	-	-	-	1,200	-	1,200
Investment return	1,513,930	-	1,513,930	1,429,995	-	1,429,995
Other income	159,247	-	159,247	92,250	-	92,250
Net assets released from restriction	-	-	-	31,361	(31,361)	-
Total support and revenue	33,837,375	-	33,837,375	34,600,505	5,639	34,606,144
Expenses						
Program services						
Pharmacy program	26,459,836	-	26,459,836	24,899,958	-	24,899,958
Medical case management and peer support	1,902,048	-	1,902,048	1,680,435	-	1,680,435
Non-medical case management	682,948	-	682,948	668,138	-	668,138
Prevention	1,614,323	-	1,614,323	1,728,723	-	1,728,723
Other client services	1,493,314	-	1,493,314	1,143,290	-	1,143,290
Total program services	32,152,469	-	32,152,469	30,120,544	-	30,120,544
Supporting services						
Management and general	1,182,580	-	1,182,580	865,440	-	865,440
Fundraising and development	323,545	-	323,545	299,076	-	299,076
Total supporting services	1,506,125	-	1,506,125	1,164,516	-	1,164,516
Total expenses	\$ 33,658,594	\$ -	\$ 33,658,594	\$ 31,285,060	\$ -	\$ 31,285,060
Changes in net assets	178,781	-	178,781	3,315,445	5,639	3,321,084
Net assets						
Beginning of year	22,717,260	57,739	22,774,999	19,401,815	52,100	19,453,915
End of year	\$ 22,896,041	\$ 57,739	\$ 22,953,780	\$ 22,717,260	\$ 57,739	\$ 22,774,999

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, 2025

	Program Services					Supporting Services				Total
	Pharmacy Management and Program	Medical Case Management and Peer Support	Non-Medical Case Management	Prevention	Other Client Services	Total Program Services	Management and General	Fundraising and Development		
Personnel costs	\$ 2,505,305	\$ 1,081,559	\$ 571,353	\$ 1,196,655	\$ 1,042,069	\$ 6,396,941	\$ 463,795	\$ 44,235	\$ 6,904,971	
Advertising	2,615	-	456	9,263	3,007	15,341	9,420	88,090	112,851	
Contracted services	5,351,342	13,611	9,888	37,142	141,509	5,553,492	392,393	139,925	6,085,810	
Depreciation and amortization	24,247	-	-	31,248	4,526	60,021	160,500	-	220,521	
Equipment rental and maintenance	3,521	3,206	3,051	1,760	6,630	18,168	5,526	14	23,708	
Insurance	33,302	16,552	11,874	32,319	43,395	137,442	17,056	285	154,783	
Internet, website, and information technology	121,930	31,347	22,811	38,669	91,049	305,806	64,783	45,496	416,085	
Miscellaneous	22,358	-	-	51	14,738	37,147	24,968	708	62,823	
Patient assistance	104,879	654,495	-	200	-	759,574	-	-	759,574	
Postage and printing	2,050	1,224	213	3,028	423	6,938	4,133	845	11,916	
Rent and occupancy	137,497	62,950	45,971	83,278	44,376	374,072	6,725	1,050	381,847	
Repairs and maintenance - facility	27,597	501	403	751	903	30,155	8,543	9	38,707	
Repairs and maintenance - RV	4,887	-	-	6,091	-	10,978	288	-	11,266	
Subscriptions and memberships	728	743	102	-	7,418	8,991	6,078	635	15,704	
Supplies	18,057,597	4,092	2,248	123,174	79,604	18,266,715	3,398	310	18,270,423	
Telephone	17,590	9,316	6,773	11,978	3,752	49,409	4,304	158	53,871	
Training and education	4,053	-	-	4,240	-	8,293	2,316	-	10,609	
Travel	23,398	16,764	3,628	15,453	410	59,653	7,477	750	67,880	
Utilities	14,940	5,688	4,177	19,023	9,505	53,333	877	1,035	55,245	
	<u>\$ 26,459,836</u>	<u>\$ 1,902,048</u>	<u>\$ 682,948</u>	<u>\$ 1,614,323</u>	<u>\$ 1,493,314</u>	<u>\$ 32,152,469</u>	<u>\$ 1,182,580</u>	<u>\$ 323,545</u>	<u>\$ 33,658,594</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, 2024

	Program Services					Supporting Services				Total
	Pharmacy Management and Program	Medical Case Management and Peer Support	Non-Medical Case Management	Prevention	Other Client Services	Total Program Services	Management and General	Fundraising and Development		
Personnel costs	\$ 1,909,977	\$ 908,871	\$ 564,061	\$ 1,209,544	\$ 851,681	\$ 5,444,134	\$ 205,854	\$ 88,326	\$ 5,738,314	
Advertising	2,173	-	-	17,441	-	19,614	7,513	75,888	103,015	
Contracted services	5,164,077	10,054	7,581	105,872	32,100	5,319,684	348,463	49,429	5,717,576	
Depreciation and amortization	27,960	-	-	23,886	4,527	56,373	160,500	-	216,873	
Equipment rental and maintenance	3,034	8,837	4,075	5,294	2,805	24,045	13,598	-	37,643	
Insurance	25,372	14,906	11,077	35,436	39,203	125,994	15,826	985	142,805	
Internet, website, and information technology	100,547	21,183	15,949	33,477	64,261	235,417	44,939	46,687	327,043	
Miscellaneous	39,703	(850)	-	200	7,686	46,739	11,160	1,153	59,052	
Patient assistance	120,422	622,894	-	580	-	743,896	132	2,896	746,924	
Postage and printing	1,710	707	-	6,732	850	9,999	6,399	6,468	22,866	
Rent and occupancy	125,765	52,300	39,759	92,693	41,967	352,484	11,246	4,962	368,692	
Repairs and maintenance - facility	9,902	-	-	-	-	9,902	14,108	14,006	38,016	
Repairs and maintenance - RV	6,328	-	-	2,281	-	8,609	73	-	8,682	
Subscriptions and memberships	626	-	-	-	6,697	7,323	3,495	5,229	16,047	
Supplies	17,296,641	5,233	2,199	129,534	65,455	17,499,062	2,522	283	17,501,867	
Telephone	16,268	8,366	6,112	14,106	3,657	48,509	3,017	762	52,288	
Training and education	2,400	2,780	756	4,539	270	10,745	5,490	764	16,999	
Travel	25,478	9,829	5,478	14,606	7,033	62,424	10,900	490	73,814	
Utilities	21,575	15,325	11,091	32,502	15,098	95,591	205	748	96,544	
	\$ 24,899,958	\$ 1,680,435	\$ 668,138	\$ 1,728,723	\$ 1,143,290	\$ 30,120,544	\$ 865,440	\$ 299,076	\$ 31,285,060	

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, 2025 and 2024

	2025	2024
Operating activities		
Change in net assets	\$ 178,781	\$ 3,321,084
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	220,521	216,873
Unrealized and realized gains on investments	(1,050,991)	(1,053,419)
Amortization of right-of-use assets - operating	257,788	269,228
Loss on disposal of fixed assets	-	3,200
Changes in operating assets and liabilities		
Accounts receivable	1,862,317	(1,745,351)
Grants and contributions receivable	609,019	(658,305)
Inventory	(168,823)	(97,289)
Other assets	140,330	(159,907)
Accounts payable and accrued expenses	(1,351,373)	1,783,640
Deferred support and other liabilities	(30,841)	(42,857)
Lease liabilities - operating	(260,647)	(265,934)
Net cash provided by operating activities	<u>406,081</u>	<u>1,570,963</u>
Investing activities		
Purchase of investments	(4,486,899)	(2,142,468)
Proceeds from sale of investments	4,207,455	1,873,908
Proceeds from sale of property and equipment	-	2,800
Purchase of property and equipment	(40,152)	(42,309)
Net cash used in investing activities	<u>(319,596)</u>	<u>(308,069)</u>
Net change in cash and cash equivalents	86,485	1,262,894
Cash and cash equivalents		
Beginning of year	6,181,678	4,918,784
End of year	<u>\$ 6,268,163</u>	<u>\$ 6,181,678</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, 2025 and 2024

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 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

a. Basis of Presentation

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, 2025 and 2024, the Center does not have any assets that are required to be maintained permanently.

b. 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. 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.

c. Cash Equivalents

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

d. Concentration of Credit Risk and Risks and Uncertainties

The Center maintains its cash deposits at a bank. Cash deposits in the bank may, at times, exceed the federally insured limit. 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.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

e. Advertising

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

f. Accounts Receivable

Accounts receivable are unsecured, non-interest bearing, and due within normal payment terms. Management continually monitors accounts receivable for collectability issues and if applicable, are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. Management separates receivables into risk pools based on their aging.

In determining the amount of the allowance as of June 30, 2024, management developed a loss rate of each risk pool. This rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. At June 30, 2024, management believes its historical loss rates for each aging category are reasonable and supportable forecasts for current and future economic and industry conditions and deemed that no allowance for credit losses was necessary. Accounts receivable as of July 1, 2023 was \$1,997,047.

In accordance with Accounting Standards Update ("ASU") 2025-05, the Center elected the practical expedient for estimating expected credit losses on current accounts receivable and contract assets arising from revenue transactions under Topic 606. This expedient allows for the assumption that conditions at June 30, 2025 will remain consistent throughout the assets' lives.

The Center also elected the accounting policy to consider cash collection activity after June 30, 2025 when estimating expected credit losses. Subsequent cash collections were evaluated through the date the financial statements were available to be issued resulting in no allowance for credit losses on the collected portion of receivables as of June 30, 2025. Remaining receivables were assessed using historical loss rates and known customer information noting no allowance for credit loss was necessary as of June 30, 2025.

g. Grants and Contributions Receivable

Grants and contributions receivable represent amounts at net realizable value due from donor or grantors. 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 and historical activity in establishing an allowance for doubtful accounts. Management believes that all grants and contributions receivable are fully collectible. Accordingly, no allowance is required. Grants and contributions receivable are expected to be collected within one year.

h. 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.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

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, 2025 and 2024.

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.

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.

i. 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.

j. 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. The Center received cost-reimbursable grants of \$653,735 and \$1,155,123 that have not been recognized at June 30, 2025 and 2024, respectively, because qualifying expenditures have not yet been incurred

k. 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 facilities and services.

l. 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.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

m. 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 support without restrictions 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.

n. 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.

o. 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 consolidated statements of financial position. The Center had no finance leases during 2025 or 2024.

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.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

p. Use of Estimates

The preparation of 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates include valuation of right of use assets and related lease liabilities, allocation of functional expenses and fair value of investments. Actual results could differ from those estimates.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

q. 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 activities and detailed within 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.

r. 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, 2025.

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.

s. Investments

Investments in equity securities with readily determinable values and all investments in debt securities 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.

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.

t. Recent Accounting Pronouncement Adopted in Current Year

In July 2025, the Financial Accounting Standards Board ("FASB") issued ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. The new standard, which is effective for annual reporting periods beginning after December 15, 2025, with early adoption permitted, provides a simplified approach for measuring expected credit losses on current accounts receivable and current contract assets accounted for under Topic 606.

The Center has early adopted ASU 2025-05 prospectively as of July 1, 2024.

u. Subsequent Events

Management has evaluated subsequent events through December 12, 2025 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.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
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3. Grants and Contributions Receivable

Grants and contributions receivable consist of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
U.S. Department of Health and Human Services Direct Grant	\$ 476,545	\$ 1,085,564

4. Property and Equipment, net

Property and equipment consist of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Furniture and equipment	\$ 41,679	\$ 41,679
Vehicles	168,402	128,250
Leasehold improvements	85,359	85,359
	<u>295,440</u>	<u>255,288</u>
Less Accumulated depreciation	(173,290)	(113,269)
Total property and equipment, net	<u>\$ 122,150</u>	<u>\$ 142,019</u>

Depreciation expense for the years ended June 30, 2025 and 2024 totaled \$60,021 and \$56,373, respectively.

5. Goodwill

In March 2022, Hope and Help acquired a pharmaceutical retailer resulting in the creation of goodwill. At June 30, 2025 and 2024, goodwill consists of the following:

	<u>2025</u>	<u>2024</u>
Goodwill	\$ 1,605,000	\$ 1,605,000
Less: Accumulated amortization	(514,938)	(354,438)
Goodwill, net	<u>\$ 1,090,062</u>	<u>\$ 1,250,562</u>

Amortization expense for each of the years ended June 30, 2024 and 2025 totaled \$160,500. Expected amortization expense for each of the years ending June 30, 2026-2030 is \$160,500, and thereafter is \$287,562.

Hope and Help Center of Central Florida, Inc. and Subsidiary
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6. In-Kind Contributions

In-kind contributions consisted of the following for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Services and sponsorships	\$ -	\$ 300
Rent	-	900
	<u>\$ -</u>	<u>\$ 1,200</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 \$0 and \$900 is included in the accompanying consolidated statements of activities for the years ended June 30, 2025 and 2024, respectively.

7. Leases

The Center has several operating lease agreements expiring on various dates through February 2027.

The following is a maturity analysis of annual undiscounted cash flows of the operating lease liabilities as of June 30, 2025:

2026	\$ 274,923
2027	88,433
	<u>363,356</u>
Less: Imputed interest	(3,581)
Lease liability at June 30, 2025	<u><u>\$ 359,775</u></u>

Lease expense comprises the following for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Long-term leases	\$ 265,355	\$ 280,947
Short-term leases	116,492	71,537
Total lease expense	<u>\$ 381,847</u>	<u>\$ 352,484</u>

Other information related to the leases as of or for the years ended June 30, 2025 and 2024:

Cash paid for amounts included in the measurement of operating lease liabilities

\$ 268,214	\$ 277,653
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	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term - operating leases	1.34 years	1.63 years
Weighted-average discount rate - operating leases	1.58%	1.11%

Hope and Help Center of Central Florida, Inc. and Subsidiary
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June 30, 2025 and 2024

8. 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, 2025 and 2024 totaled \$82,833 and \$88,964, respectively.

9. Net Assets With Donor Restrictions

Net assets with donor restrictions and related activity consists of the following at June 30, 2025 and 2024:

	July 1, 2024		Additions		Releases		June 30, 2025
Purpose restricted							
Mental health services	\$ 20,818	\$	-	\$	-	\$	20,818
Youth empowerment programs	30,276		-		-		30,276
Trauma Informed Grant	6,645		-		-		6,645
	<u>\$ 57,739</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>57,739</u>

	July 1, 2023		Additions		Releases		June 30, 2024
Purpose restricted							
Mental health services	\$ 20,818	\$	-	\$	-	\$	20,818
Food pantry	-		7,000		(7,000)		-
Youth empowerment programs	31,282		-		(1,006)		30,276
Trauma Informed Grant	-		20,000		(13,355)		6,645
GAC Services - LGBT Center	-		10,000		(10,000)		-
	<u>\$ 52,100</u>	<u>\$</u>	<u>37,000</u>	<u>\$</u>	<u>(31,361)</u>	<u>\$</u>	<u>57,739</u>

There were no time restrictions at either June 30, 2025 and 2024.

10. 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 63% and 21% of pharmaceutical supplies for the year ended June 30, 2025, totaling approximately \$11,240,774 and \$3,833,508 respectively. The same companies accounted for 41% and 6% of accounts payable and accrued expenses at June 30, 2025.

Two companies accounted for 64% and 21% of pharmaceuticals for the year ended June 30, 2024, totaling approximately \$11,027,688 and \$3,659,612, respectively. The same companies accounted for 45% and 8% of accounts payable and accrued expenses at June 30, 2024.

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

Significant Grantors and Accounts Receivable

The largest grantor accounted for approximately \$268,000 of grants and contributions receivable at June 30, 2025 and \$2,819,849 of support. Two pharmacies made up 25%, and 13% of accounts receivable at June 30, 2025.

The largest grantor accounted for approximately \$807,000 of grants and contributions receivable at June 30, 2024 and \$3,278,363 of support. Three pharmacies made up 25%, 13%, and 12% of accounts receivable at June 30, 2024.

11. Financial Assets and Liquidity Resources

The Center's financial assets available within one year of the consolidated statements of financial position date for general expenditures at June 30, 2025 and 2024 are as follows:

	2025	2024
Cash and cash equivalents	\$ 6,268,163	\$ 6,181,678
Accounts receivable, net	1,880,081	3,742,398
Grants and contributions receivable	476,545	1,085,564
Other assets	769	3,491
	8,625,558	11,013,131
Less: Amounts unavailable from general expenditures within one year, restricted for specific purposes		
Net assets with donor restrictions	(57,739)	(57,739)
Noncancelable leases	(274,923)	(268,214)
Total financial assets available to management for general expenditures within one year	\$ 8,292,896	\$ 10,687,178

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.

12. Investments

Investments consist of the following at June 30, 2025 and 2024:

	2025		
	Fair Value	Cost	Unrealized Gain
Bonds	\$ 3,989,211	\$ 3,913,191	\$ 76,020
Equity	8,910,286	7,935,315	974,971
Certificates of deposit	1,496,622	1,496,622	-
	\$ 14,396,119	\$ 13,345,128	\$ 1,050,991

Hope and Help Center of Central Florida, Inc. and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

	2024		
	Fair Value	Cost	Unrealized Gain
Bonds	\$ 3,779,764	\$ 3,762,454	\$ 17,310
Equity	7,355,683	6,449,811	905,872
Certificates of deposit	1,930,237	1,800,000	130,237
	<u>\$ 13,065,684</u>	<u>\$ 12,012,265</u>	<u>\$ 1,053,419</u>

13. Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the Center's assets measured at fair value as of June 30, 2025 and 2024:

	2025		
	Level 1	Level 2	Total
Mutual Funds - Equities			
Domestic	\$ 6,295,363	\$ -	\$ 6,295,363
Foreign	2,614,923	-	2,614,923
Bonds			
Bond Fund	3,616,016	-	3,616,016
U.S. Treasury	373,195	-	373,195
Certificate of Deposits	-	1,496,622	1,496,622
	<u>\$ 12,899,497</u>	<u>\$ 1,496,622</u>	<u>\$ 14,396,119</u>

	2024		
	Level 1	Level 2	Total
Mutual Funds - Equities			
Domestic	\$ 4,942,122	\$ -	\$ 4,942,122
Foreign	2,413,561	-	2,413,561
Bonds			
Corporate	-	96,755	96,755
Bond Fund	3,119,414	-	3,119,414
U.S. Treasury	563,595	-	563,595
Certificate of Deposits	-	1,930,237	1,930,237
	<u>\$ 11,038,692</u>	<u>\$ 2,026,992</u>	<u>\$ 13,065,684</u>

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the consolidated financial statements of Hope and Help Center of Central Florida, Inc. and Subsidiary (collectively, the "Center"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2025.

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 or 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 result 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

December 12, 2025