

**HOPE SOUTH FLORIDA, INC.**

---

Financial Statements

December 31, 2020 and 2019

CONTENTS

|   | <b>Page</b> |
|---|-------------|
| <b>Independent Auditor's Report</b> .....   | 1 - 2       |
| Statements of Financial Position.....   | 3           |
| Statements of Activities.....   | 4           |
| Statements of Cash Flows.....   | 5           |
| Statements of Functional Expenses.....  | 6 - 7       |
| <b>Notes to Financial Statements</b> .....  | 8 – 15      |
| <br><b>Supplementary Financial Information</b>  |             |
| Schedule of Expenditures of Federal Awards and Notes.....   | 16 – 17     |
| <b>Independent Auditor's Report on Internal Control Over Financial Reporting and<br/>on Compliance and Other Matters Based on an Audit of Financial Statements<br/>Performed in Accordance with Government Auditing Standards</b> ..... | 18 – 19     |
| <b>Independent Auditor's Report on Compliance for Each Major Program and on<br/>Internal Control Over Compliance Required by Uniform Guidance</b> .....   | 20 – 21     |
| Schedule of Findings and Questioned Costs – Federal Programs.....   | 22          |

*Robbins and Moroney, P.A.*  
*Certified Public Accountants*

Accounting and Auditing  
Taxation and Consulting

222 Southeast Tenth Street  
Fort Lauderdale, Florida 33316

Telephone: (954) 467-3100  
Facsimile: (954) 467-2080

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Hope South Florida, Inc.

**Report on the Financial Statements**

We have audited the accompanying financial statements of Hope South Florida, Inc. (a non profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **INDEPENDENT AUDITOR'S REPORT (continued)**

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hope South Florida, Inc. as of December 31, 2020 and 2019, 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.

### **Other Matters**

#### Other Information

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 30, 2021, on our consideration of Hope South Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hope South Florida, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Hope South Florida, Inc.'s internal control over financial reporting and compliance.

### **ROBBINS and MORONEY, P.A.**

Certified Public Accountants

*Robbins and Moroney, P.A.*

Fort Lauderdale, Florida  
March 30, 2021

*Robbins and Moroney, P.A.*  
*Certified Public Accountants*

**HOPE SOUTH FLORIDA, INC.**  
 Statements of Financial Position  
 December 31, 2020 and 2019

|   | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|
| <b>Assets</b>                           |              |              |
| <b>Current Assets</b>                   |              |              |
| Cash and Cash Equivalents               | \$ 165,101   | \$ 153,650   |
| Contracts Receivable                    | 574,715      | 249,652      |
| Accounts Receivable                     |              | 14,871       |
| Prepaid Expense                         | 7,443        | 4,825        |
| <b>Total Current Assets</b>             | 747,259      | 422,998      |
| <b>Non-Current Assets</b>               |              |              |
| Property and Equipment                  | 937,730      | 1,001,369    |
| <b>Total Non-Current Assets</b>         | 937,730      | 1,001,369    |
| <b>Total Assets</b>                     | \$ 1,684,989 | \$ 1,424,367 |
| <br><b>Liabilities and Net Assets</b>   |              |              |
| <b>Current Liabilities</b>              |              |              |
| Accounts Payable and Accrued Expenses   | \$ 94,099    | \$ 81,562    |
| Deferred Revenue                        | 4,310        |              |
| Current Portion of Notes Payable        | 200,308      | 301,393      |
| <b>Total Current Liabilities</b>        | 298,717      | 382,955      |
| <b>Non-Current Liabilities</b>          |              |              |
| Notes Payable                           | 837,783      | 869,303      |
| <b>Total Liabilities</b>                | 1,136,500    | 1,252,258    |
| <br><b>Net Assets</b>                   |              |              |
| Net Assets Without Donor Restrictions   | 254,065      | (21,353)     |
| Net Assets With Donor Restrictions      | 294,424      | 193,462      |
| <b>Total Net Assets</b>                 | 548,489      | 172,109      |
| <b>Total Liabilities and Net Assets</b> | \$ 1,684,989 | \$ 1,424,367 |

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

*Robbins and Moroney, P.A.*  
 Certified Public Accountants

**HOPE SOUTH FLORIDA, INC.**  
 Statements of Activities  
 For the Years Ended December 31, 2020 and 2019

|  | <b>2020</b>       | <b>2019</b>       |
|--|-------------------|-------------------|
| <b>Net Assets Without Donor Restrictions</b>           |                   |                   |
| <b>Public Support and Revenues</b>                     |                   |                   |
| Contracts  | \$ 5,076,196      | \$ 2,153,340      |
| Grants and Contributions                               | 1,449,055         | 936,467           |
| Residence Fees   | 80,801            | 72,149            |
| Rental Income  | 10,833            | 10,121            |
| Miscellaneous  | 46,677            |                   |
| Fundraising Events                                     |                   | 186,415           |
| Less: Cost of Direct Benefit to Donors                 |                   | (35,590)          |
| Contributed Services, Facilities and Materials         | 324,503           | 260,244           |
| Net Assets Released from Restrictions                  | 46,021            | 5,098             |
| <b>Total Public Support and Revenues</b>               | <b>7,034,086</b>  | <b>3,588,244</b>  |
| <b>Expenses</b>  |                   |                   |
| Program Services                                       |                   |                   |
| Homeless Assistance                                    | 5,638,085         | 2,669,069         |
| Contributed Services, Facilities and Materials         | 323,357           | 190,794           |
| <b>Total Program Services</b>                          | <b>5,961,442</b>  | <b>2,859,863</b>  |
| <b>Supporting Services</b>                             |                   |                   |
| General and Administrative                             | 530,961           | 458,374           |
| Fundraising  | 265,119           | 336,621           |
| Contributed Services, Facilities and Materials         | 1,146             | 69,450            |
| <b>Total Supporting Services</b>                       | <b>797,226</b>    | <b>864,445</b>    |
| <b>Total Expenses</b>                                  | <b>6,758,668</b>  | <b>3,724,308</b>  |
| <b>Change in Net Assets Without Donor Restrictions</b> | <b>275,418</b>    | <b>(136,064)</b>  |
| <b>Net Assets With Donor Restrictions</b>              |                   |                   |
| Contributions  | 146,983           |                   |
| Net Assets Released from Restrictions                  | (46,021)          | (5,098)           |
| <b>Change in Net Assets With Donor Restrictions</b>    | <b>100,962</b>    | <b>(5,098)</b>    |
| <b>Change in Net Assets</b>                            | <b>376,380</b>    | <b>(141,162)</b>  |
| <b>Net Assets, Beginning of Year</b>                   | <b>172,109</b>    | <b>313,271</b>    |
| <b>Net Assets, End of Year</b>                         | <b>\$ 548,489</b> | <b>\$ 172,109</b> |

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

*Robbins and Moroney, P.A.*  
*Certified Public Accountants*

**HOPE SOUTH FLORIDA, INC.**  
**Statements of Cash Flows**  
For the Years Ended December 31, 2020 and 2019

|   | <b>2020</b>       | <b>2019</b>       |
|---|-------------------|-------------------|
| <b>Cash Flows from Operating Activities</b>   |                   |                   |
| Change in Net Assets  | \$ 376,380        | \$ (141,162)      |
| Adjustments to Reconcile Change in Net Assets to<br>Net Cash from Operating Activities: |                   |                   |
| Depreciation and Amortization   | 64,289            | 66,285            |
| Bad Debts   | 5,697             | 3,508             |
| Changes in Assets and Liabilities:  |                   |                   |
| Increase in Contract Receivables  | (330,760)         | (49,571)          |
| Decrease (Increase) in Accounts Receivable  | 14,871            | (9,704)           |
| (Increase) Decrease in Prepaid Expenses   | (2,618)           | 1,640             |
| Increase in Accounts Payable and Accrued Expenses                                       | 12,537            | 5,048             |
| Increase in Deferred Revenue  | 4,310             |                   |
| <b>Net Cash Flows from Operating Activities</b>   | <b>144,706</b>    | <b>(123,956)</b>  |
| <b>Cash Flows from Financing Activities</b>   |                   |                   |
| Proceeds from Notes Payable   |                   | 144,762           |
| Payments on Notes Payable   | (133,255)         | (91,696)          |
| <b>Net Cash Flows from Financing Activities</b>   | <b>(133,255)</b>  | <b>53,066</b>     |
| <b>Net Change in Cash and Cash Equivalents</b>  | 11,451            | (70,890)          |
| <b>Cash and Cash Equivalents, Beginning of Year</b>                                     | <b>153,650</b>    | <b>224,540</b>    |
| <b>Cash and Cash Equivalents, End of Year</b>   | <b>\$ 165,101</b> | <b>\$ 153,650</b> |
| <b>Supplemental Disclosure of Cash Flow Information:</b>                                |                   |                   |
| Cash Paid During the Year for Interest  | <b>\$ 47,878</b>  | <b>\$ 58,310</b>  |

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

*Robbins and Moroney, P.A.*  
*Certified Public Accountants*

**HOPE SOUTH FLORIDA, INC.**  
**Statements of Functional Expenses**  
**For the Year Ended December 31, 2020**

|                                | <u>Homeless<br/>Assistance</u> | <u>General and<br/>Administrative</u> | <u>Fundraising</u> | <u>Total</u>        |
|--------------------------------|--------------------------------|---------------------------------------|--------------------|---------------------|
| Client Assistance              | \$ 4,052,716                   | \$                                    | \$                 | \$ 4,052,716        |
| Labor and Benefits             | 1,105,143                      | 338,463                               | 212,107            | 1,655,713           |
| Repairs and Maintenance        | 78,464                         | 51,245                                | 220                | 129,929             |
| Contract Labor                 | 88,076                         | 30,463                                | 6,580              | 125,119             |
| Insurance                      | 54,651                         | 14,752                                | 2,407              | 71,810              |
| Office                         | 30,894                         | 26,601                                | 13,165             | 70,660              |
| Depreciation                   | 61,403                         | 2,236                                 |                    | 63,639              |
| Utilities                      | 55,029                         | 6,114                                 |                    | 61,143              |
| Interest                       | 36,937                         | 9,778                                 | 1,813              | 48,528              |
| Telephone                      | 22,176                         | 14,037                                | 3,019              | 39,232              |
| Vehicles                       | 18,242                         | 4,508                                 |                    | 22,750              |
| Rent                           | 17,163                         | 265                                   | 898                | 18,326              |
| Professional Fees              |                                | 15,000                                |                    | 15,000              |
| Training and Conferences       | 4,229                          | 572                                   | 7,969              | 12,770              |
| Marketing                      | 3,239                          | 7,101                                 | 1,625              | 11,965              |
| Credit Card and Financing Fees |                                | 6,014                                 | 4,639              | 10,653              |
| Miscellaneous                  | 1,137                          | 2,136                                 | 2,500              | 5,773               |
| Bad Debts                      | 5,697                          |                                       |                    | 5,697               |
| Special Events                 |                                |                                       | 4,594              | 4,594               |
| Printing and Publications      | 1,297                          | 512                                   | 1,935              | 3,744               |
| Travel                         | 1,487                          | 911                                   | 956                | 3,354               |
| Postage                        | 105                            | 253                                   | 692                | 1,050               |
|                                | <u>\$ 5,638,085</u>            | <u>\$ 530,961</u>                     | <u>\$ 265,119</u>  | <u>\$ 6,434,165</u> |

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

*Robbins and Moroney, P.A.*  
*Certified Public Accountants*

**HOPE SOUTH FLORIDA, INC.**  
**Statements of Functional Expenses**  
**For the Year Ended December 31, 2019**

|                                | <u>Homeless<br/>Assistance</u> | <u>General and<br/>Administrative</u> | <u>Fundraising</u> | <u>Total</u>        |
|--------------------------------|--------------------------------|---------------------------------------|--------------------|---------------------|
| Client Assistance              | \$ 1,280,318                   | \$                                    | \$                 | \$ 1,280,318        |
| Labor and Benefits             | 981,230                        | 278,807                               | 262,977            | 1,523,014           |
| Repairs and Maintenance        | 79,329                         | 24,462                                | 221                | 104,012             |
| Contract Labor                 | 32,650                         | 11,805                                | 2,671              | 47,126              |
| Insurance                      | 39,893                         | 33,294                                | 3,502              | 76,689              |
| Office                         | 28,788                         | 19,287                                | 14,448             | 62,523              |
| Depreciation                   | 64,487                         | 1,148                                 |                    | 65,635              |
| Utilities                      | 58,706                         | 5,187                                 |                    | 63,893              |
| Interest                       | 37,779                         | 19,261                                | 1,919              | 58,959              |
| Telephone                      | 26,812                         | 13,684                                | 3,842              | 44,338              |
| Vehicles                       | 20,054                         | 2,837                                 | 174                | 23,065              |
| Rent                           | 3,187                          |                                       |                    | 3,187               |
| Professional Fees              |                                | 11,000                                |                    | 11,000              |
| Training and Conferences       | 5,960                          | 2,283                                 | 3,566              | 11,809              |
| Marketing                      |                                | 11,474                                | 5,210              | 16,684              |
| Credit Card and Financing Fees |                                | 11,691                                |                    | 11,691              |
| Miscellaneous                  | 1,400                          | 5,760                                 | 217                | 7,377               |
| Bad Debts                      |                                | 3,508                                 |                    | 3,508               |
| Special Events                 |                                |                                       | 30,296             | 30,296              |
| Printing and Publications      | 367                            | 170                                   | 6,277              | 6,814               |
| Travel                         | 7,967                          | 1,639                                 | 412                | 10,018              |
| Postage                        | 142                            | 1,077                                 | 889                | 2,108               |
|                                | <u>\$ 2,669,069</u>            | <u>\$ 458,374</u>                     | <u>\$ 336,621</u>  | <u>\$ 3,464,064</u> |

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

*Robbins and Moroney, P.A.*  
*Certified Public Accountants*

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization:** Hope South Florida, Inc. (the "Organization") is a Christian-based 501(c)(3) non-profit organization, operating since 1995, that brings about transformation in the lives of the homeless through the provision of housing solutions and support services; and to serve as a guiding partner in transforming, educating, and creating space to build lasting relationships with the faith-based community, as well as, local and national strategic partners.

**Basis of Accounting:** The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Date of Management's Review:** In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 30, 2021, the date that the financial statements were available to be issued.

**Cash and Cash Equivalents:** For purposes of the statement of cash flows, the Organization considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Contracts Receivable and Accounts Receivable:** Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable. The allowance for doubtful accounts at December 31, 2020 and 2019 was \$28,000 and \$81,600, respectively.

**Property and Equipment:** Property and equipment are stated at cost and donated assets are recorded at fair market value on the date of the gift. Depreciation is computed on the straight-line basis over the expected useful lives of the assets, generally five to seven years for furniture and equipment and ten to thirty years for building and improvements. Maintenance expenses are charged to expense as incurred.

**Income Taxes:** As a non-profit corporation, qualified under Section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from corporate income taxation on income related to its exempt function. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization has not incurred any interest or penalties on its income tax returns.

The Organization's tax returns are subject to possible examination by the taxing authorities. For Federal income tax purposes, tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Net Assets:** Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Contract Revenue Recognition:** Federal, state and local governments have awarded contracts to support the Organization's program activities that are conditioned on performing certain services or incurring certain reimbursable expenditures. All of the contracts support the Organization's mission to provide low-income families and individuals with supportive services and short or medium-term housing when more permanent housing is not immediately available. The contracts generally require certification or eligibility requirements established by the awarding governmental agency. The agreements are primarily cost-reimbursement contracts, which are recognized as the Organization incurs allowable and reasonable qualifying expenses, and unit-of-service contracts which are recognized as the services are rendered using the agreed upon rate per unit. Cost-reimbursement contracts and unit-of-service grants are recognized as revenues increasing net assets without donor restrictions because the conditions and restrictions are met in the same period.

**Contributed Services, Facilities and Materials:** Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributed facilities and materials are also recorded at their fair values in the period received.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Functional Allocation of Expenses:** The cost of providing the various activities have been summarized on a functional basis in the statements of activities and detailed in the statements of functional expenses. Certain costs have been allocated among the program and supporting services benefited.

**Fair Value of Financial Instruments:** Cash equivalents, contracts receivable, accounts receivable, prepaid expenses, accounts payable and accrued expenses and deferred revenue are reflected in the financial statements at cost, which approximate fair value because of their short-term nature.

**2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintain sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. In addition, the Organization has established a line of credit with a bank to manage its liquidity throughout the year. At December 31, 2020, approximately \$154,000, is available under terms of the line of credit. The following table reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general expenditures within one year.

|   | <u>2020</u>       | <u>2019</u>       |
|---|-------------------|-------------------|
| Cash and Cash Equivalents   | \$ 165,101        | \$ 153,650        |
| Contracts and Other Receivables   | <u>574,715</u>    | <u>264,523</u>    |
| Total Financial Assets  | <u>739,816</u>    | <u>418,173</u>    |
| Less Amounts Not Available to be Used Within One Year:                                    |                   |                   |
| Net Assets with Donor Restrictions  | 294,424           | 193,462           |
| Less: Restricted Capitalized Real Estate  | <u>(188,364)</u>  | <u>(193,462)</u>  |
|   | <u>106,060</u>    | <u>          </u> |
| Financial Assets Available to Meet Cash Needs for<br>General Expenditures Within One Year | <u>\$ 633,756</u> | <u>\$ 418,173</u> |

**HOPE SOUTH FLORIDA, INC.**  
Notes to Financial Statements  
December 31, 2020 and 2019

**3. PROPERTY AND EQUIPMENT**

At December 31, 2020 and 2019, property and equipment consisted of:

|                           | <u>2020</u>       | <u>2019</u>         |
|---------------------------|-------------------|---------------------|
| Land                      | \$ 198,870        | \$ 198,870          |
| Building and Improvements | 951,311           | 951,311             |
| Furniture and Equipment   | 71,995            | 71,995              |
| Vehicles                  | <u>156,817</u>    | <u>156,817</u>      |
|                           | 1,378,993         | 1,378,993           |
| Accumulated Depreciation  | <u>(441,263)</u>  | <u>(377,624)</u>    |
|                           | <u>\$ 937,730</u> | <u>\$ 1,001,369</u> |

**4. NOTES PAYABLE**

At December 31, 2020 and 2019, notes payable consisted of:

|   | <u>2020</u>       | <u>2019</u>       |
|---|-------------------|-------------------|
| Note payable to a corporation, variable rate of interest based on lender's discretion (4.25% at December 31, 2020). Monthly principal and interest payments of \$5,195 with the final installment due in the year 2038. The note is secured by land and building. | \$ 819,003        | \$ 825,639        |
| Note payable to a bank, variable rate of interest based on an index plus 1.5%, but never less than 3.9%. Monthly principal and interest payments of \$697 with the final installment due in the year 2026. The note is secured by land and building.              | 44,621            | 49,512            |
| Line of credit with a maximum amount of \$300,000 to a bank with interest payable monthly based on an index (3.25% at December 31, 2020). The line of credit is due on demand. The note is secured by land and building.  | 146,000           | 249,762           |
| Notes payable to a finance company requiring monthly principal and interest payments at interest rates ranging from 5.34% to 10.94%. The notes mature in November and December 2023 and are secured by vehicles.  | <u>40,062</u>     | <u>58,028</u>     |
|   | 1,049,686         | 1,182,941         |
| Less Deferred Loan Costs  | <u>(11,595)</u>   | <u>(12,245)</u>   |
|   | 1,038,091         | 1,170,696         |
| Less: Current Portion   | <u>(200,308)</u>  | <u>(301,393)</u>  |
| Non-Current Portion   | <u>\$ 837,783</u> | <u>\$ 869,303</u> |

**HOPE SOUTH FLORIDA, INC.**  
Notes to Financial Statements  
December 31, 2020 and 2019

**4. NOTES PAYABLE (continued)**

Future maturities of notes payable at December 31, 2020 are as follows:

|                         |            |    |                     |
|-------------------------|------------|----|---------------------|
| Year ended December 31, | 2021       | \$ | 200,308             |
|                         | 2022       |    | 56,937              |
|                         | 2023       |    | 47,812              |
|                         | 2024       |    | 42,925              |
|                         | 2025       |    | 44,666              |
|                         | Thereafter |    | 657,038             |
|                         |            |    | <u>\$ 1,049,686</u> |

**5. RESTRICTIONS ON ASSETS**

Net assets with donor restrictions are available for the following purposes:

|                | <u>2020</u>       | <u>2019</u>       |
|----------------|-------------------|-------------------|
| Future Periods | \$ 188,364        | \$ 193,462        |
| Programs       | <u>106,060</u>    | <u>          </u> |
|                | <u>\$ 294,424</u> | <u>\$ 193,462</u> |

Residential property was donated to the Organization in 2012 subject to a use restriction that requires the property be operated as supportive housing for persons with mental illness for a term of ninety-nine years. As an inducement for the donor to convey title of the residential property, the Organization has entered into an agreement to own, operate and manage the property in accordance with the use restriction and other outcome metrics and brand standards as set forth in the agreement. The property will revert back to the donor if the terms of the agreement are not adhered to.

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

|                           | <u>2020</u>      | <u>2019</u>       |
|---------------------------|------------------|-------------------|
| Passage of Specified Time | \$ 5,098         | \$ 5,098          |
| Programs                  | <u>40,923</u>    | <u>          </u> |
|                           | <u>\$ 46,021</u> | <u>\$ 5,098</u>   |

**6. CONTRIBUTED SERVICES, FACILITIES, AND MATERIALS**

The value of contributed services, facilities, and materials included in the financial statements for the year ended December 31, 2020 and 2019, are as follows:

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

|                             | <u>2020</u>       | <u>2019</u>       |
|-----------------------------|-------------------|-------------------|
| <b>Support and Revenues</b> |                   |                   |
| Food                        | \$ 276,410        | \$ 155,449        |
| Building Maintenance        |                   | 33,600            |
| Transportation              | 1,150             | 1,150             |
| Rent                        |                   | 6,000             |
| Furnishings and Equipment   |                   | 40,650            |
| Client Assistance           | 45,797            | 23,395            |
| Supplies                    | 1,146             |                   |
|                             | <u>\$ 324,503</u> | <u>\$ 260,244</u> |
| <b>Expenses</b>             |                   |                   |
| Homeless Assistance         | \$ 323,357        | \$ 190,794        |
| General and Administrative  | 1,146             | 69,450            |
|                             | <u>\$ 324,503</u> | <u>\$ 260,244</u> |

A substantial number of unpaid volunteers have made significant contributions of time in the furtherance of the Organization's programs, principally in providing assistance with the Shared Meals program. The donated hours and value of these contributed services have not been included in these financial statements, as they do not meet the criteria for recognition.

**7. LEASES**

The Organization leases office equipment under an agreement that expires in August 2022 and February 2026. Rent expense was \$8,756 and \$7,640 for the years ended December 31, 2020 and 2019, respectively.

Minimum future lease payments on these leases are as follows:

|                         |            |                  |
|-------------------------|------------|------------------|
| Year ended December 31, | 2021       | \$ 21,033        |
|                         | 2022       | 18,486           |
|                         | 2023       | 13,393           |
|                         | 2024       | 13,393           |
|                         | 2025       | 13,393           |
|                         | Thereafter | 2,232            |
|                         |            | <u>\$ 81,930</u> |

**8. GOVERNMENT GRANTS**

The following grants and contracts are included in the statement of activities for the year ended December 31, 2020:

| <u>Grantor</u>    | <u>Contract Number</u>  | <u>Total Contract</u> | <u>Collections Through 12/31/20</u> |
|-------------------|---|-----------------------|-------------------------------------|
| Broward County    | 18-CP-HIP-8254-HUD-16-01 (Option 2)   | \$ 294,338            | \$ 240,933                          |
| Broward County    | 21-CP-HIP-8254-HUD-19-01  | \$ 298,720            | \$                                  |
| Broward County    | 19-CP-HIP-8254-01 (Option 1)  | \$ 902,313            | \$ 932,435                          |
| Broward County    | 19-CP-HIP-8254-01 (Option 2)  | \$ 867,161            | \$ 12,228                           |
| City of Hollywood | Re-Housing and Eviction Prevention<br>3/1/20 – 12/30/20                     | \$1,235,886           | \$ 1,235,886                        |
| City of Hollywood | Re-Housing and Eviction Prevention<br>11/4/20 – 12/20/20                    | \$ 948,000            | \$ 948,000                          |
| City of Hollywood | Home Program (R-2015-140)<br>3/1/14 – 9/30/22                               | \$1,123,682           | \$ 696,740                          |
| City of Hollywood | Community Development Block Grant<br>CARES Act Funding<br>6/17/20 – 6/17/21 | \$ 30,000             | \$                                  |
| City of Hollywood | Community Development Block Grant<br>10/1/20 – 9/30/21                      | \$ 15,318             | \$                                  |
| City of Hollywood | State Housing Initiative Program<br>6/17/20 – 6/17/21                       | \$ 510,000            | \$ 510,000                          |

**9. CONCENTRATIONS OF CREDIT RISK**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash equivalents and unsecured receivables. The Organization's ability to collect these receivables is dependent upon economic conditions and the financial condition of its customers. The Organization has not experienced significant losses related to receivables. Management believes no additional credit risk is inherent in the Organization's receivables.

The Organization maintains demand deposits at commercial banks which, at times, may exceed the depositor's insurance provided by the applicable guarantee agency. At December 31, 2020, demand deposits in financial institutions exceeded the insurance provided by the applicable guarantee agency by approximately \$486,800. The Organization has not experienced any losses from maintaining cash accounts in excess of insured limits.

**9. CONCENTRATIONS OF CREDIT RISK (continued)**

For the year ended December 31, 2020, the Organization received approximately 41% and 19% of its public support and revenue from a city government and a county government, respectively. At December 31, 2020, 58% and 11% of the Organization's contracts receivable were due from the county government and city government, respectively.

For the year ended December 31, 2019, the Organization received approximately 31% and 14% of its public support and revenue from a county government and a non-profit organization, respectively. At December 31, 2019, 55% and 22% of the Organization's contracts receivable were due from the county government and non-profit organization, respectively.

**10. CONTINGENCIES**

In the normal course of activities, the Organization receives contracts and other forms of reimbursement from various government agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management of the Organization believes that the liability, if any, for any reimbursement which may arise as the result of audits would not be material.

**11. RISKS AND UNCERTAINTIES**

In March 2020, the novel coronavirus, COVID-19 was declared a global pandemic which caused disruption in the U.S. economy. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

On March 29, 2020, following the passage of the CARES Act, the Small Business Administration provided small business owners and non-profit organizations impacted by COVID-19 the opportunity to obtain financial assistance. The Organization applied for and received \$274,557 from the CARES Act's Paycheck Protection Program (the "PPP") and \$10,000 from the Economic Injury Disaster Loan (the "EIDL") during the year ended December 31, 2020. The PPP requires recipients to use the funds principally for payroll and other qualified expenses in order for the funds to be recognized as revenue. The Small Business Administration approved the forgiveness application submitted by the Organization for amounts received under the Paycheck Protection Program. Advances under the Economic Injury Disaster Loan program are also forgiven. Accordingly, the Organization has recognized \$284,557 of PPP and EIDL assistance as a contribution and this amount is included in the statements of activities as grants and contributions.

**SUPPLEMENTARY FINANCIAL INFORMATION**

**HOPE SOUTH FLORIDA, INC.**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2020

| <u>Federal/Local Agency Pass-through Entity<br/>Federal Program</u> | <u>CFDA<br/>Number</u> | <u>Pass-through<br/>Entity<br/>Identifying<br/>Number</u> | <u>Expenditures</u> |
|---|------------------------|---|---------------------|
| <b>U.S. Department of Veterans Affairs</b>                          |                        |   |                     |
| Direct:   |                        |   |                     |
| VA Homeless Providers Grant and<br>Per Diem Program                 | 64.024                 | HSFI031-0721-546-TP-19                                    | \$ 357,996          |
|   | 64.024                 | HSFI031-1610-546-TP-21                                    | <u>141,304</u>      |
| Total U.S. Department of Veterans Affairs                           |                        |   | <u>499,300</u>      |
| <b>U.S. Department of Treasury</b>                                  |                        |   |                     |
| Pass-through Program from:  |                        |   |                     |
| Covid-19 City of Hollywood, Florida                                 | 21.019                 | CARES Act (CRF)<br>(Covid-19)                             | <u>2,183,886</u>    |
| <b>U.S. Department of Housing and Urban Development</b>             |                        |   |                     |
| Pass-through Programs from:   |                        |   |                     |
| Broward County, Florida   | 14.267                 | 18-CP-HIP-8254-HUD-16-01                                  | 271,850             |
| Broward County, Florida   | 14.267                 | 21-CP-HIP-8254-HUD-19-01                                  | <u>23,031</u>       |
|   |                        |   | <u>294,881</u>      |
| City of Hollywood, Florida  | 14.239                 | Home Program  | 153,511             |
| City of Fort Lauderdale, Florida                                    | 14.239                 | Home program  | <u>30,033</u>       |
|   |                        |   | <u>183,544</u>      |
| City of Hollywood, Florida  | 14.218                 | Reach Program   | <u>18,830</u>       |
| Total U.S. Department of Housing and Urban Development              |                        |   | <u>497,255</u>      |
| <b>U.S. Department of Homeland Security</b>                         |                        |   |                     |
| Pass-through Programs from:   |                        |   |                     |
| Broward County, Florida   | 97.024                 | Emergency Food and<br>Shelter Program-Phase 36            | <u>15,744</u>       |
| Total Expenditures of Federal Awards                                |                        |   | <u>\$ 3,196,185</u> |

**Note:** There were no awards passed through to sub-recipients.

See independent auditor's report and accompanying notes to  
Schedule of Expenditures of Federal Awards.

*Robbins and Moroney, P.A.*  
Certified Public Accountants

**HOPE SOUTH FLORIDA, INC.**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2020

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (“SEFA”) includes the federal grant activity of Hope South Florida, Inc. under programs of the federal government for the year ended December 31, 2020. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of Hope South Florida, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Hope South Florida, Inc.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowed or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

**NOTE C – INDIRECT COST RATE**

Hope South Florida, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

*Robbins and Moroney, P.A.*  
*Certified Public Accountants*

Accounting and Auditing  
Taxation and Consulting

222 Southeast Tenth Street  
Fort Lauderdale, Florida 33316

Telephone: (954) 467-3100  
Facsimile: (954) 467-2080

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Hope South Florida, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller of the United States, the financial statements of Hope South Florida, Inc. (a non-profit organization) (the "Organization"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS  
(continued)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**ROBBINS and MORONEY, P.A.**  
Certified Public Accountants

*Robbins and Moroney, P.A.*

Fort Lauderdale, Florida  
March 30, 2021

*Robbins and Moroney, P.A.*  
*Certified Public Accountants*

Accounting and Auditing  
Taxation and Consulting

222 Southeast Tenth Street  
Fort Lauderdale, Florida 33316

Telephone: (954) 467-3100  
Facsimile: (954) 467-2080

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Hope South Florida, Inc.

**Reporting on Compliance for Each Major Federal Program**

We have audited Hope South Florida, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Hope South Florida, Inc.'s major federal programs for the year ended December 31, 2020. Hope South Florida, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Hope South Florida, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hope South Florida, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Hope South Florida, Inc.'s compliance.

**Opinion on Each Major Federal Program**

In our opinion, Hope South Florida, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE (continued)**

**Report on Internal Control Over Compliance**

Management of Hope South Florida, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hope South Florida, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hope South Florida, Inc.'s 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 combination of deficiencies, in internal control of 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**ROBBINS and MORONEY, P.A.**  
Certified Public Accountants

*Robbins and Moroney, P.A.*

Fort Lauderdale, Florida  
March 30, 2021

*Robbins and Moroney, P.A.*  
*Certified Public Accountants*

**HOPE SOUTH FLORIDA, INC.**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2020

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Hope South Florida, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Hope South Florida, Inc. were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Hope South Florida, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
7. The programs tested as major programs were:

**Federal Programs:**

**U.S. Department of Treasury**

**CFDA No.**

CARES Act (CRF) (Covid-19)

21.019

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

**FINDINGS - FINANCIAL STATEMENTS AUDIT – None**

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