

# **HOUSE OF HOPE, INC.**

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FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2018 and 2017

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of the  
House of Hope, Inc.  
Fort Lauderdale, FL

**Report on the Financial Statements**

We have audited the accompanying financial statements of the House of Hope, Inc., (the "Organization", a nonprofit organization), which comprise the statements of financial position as of June 30, 2018, and 2017, and the related statements of activities, functional expenses and cash flows 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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.

Board of Trustees of the  
House of Hope, Inc.  
Fort Lauderdale, FL

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the House of Hope, Inc., as of June 30, 2018 and 2017, 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**

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Florida Single Audit Act, Chapter 10.650 Rules of the Auditor General, 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 as a whole.

Additionally, our audit was performed for the purpose of forming an opinion on the basic financial statements of the House of Hope, Inc., taken as a whole. The accompanying schedules on pages 31-32 (unaudited) are presented for purpose of additional analysis as required by the grantor. This information is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2018, on our consideration of House of Hope, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the House of Hope'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 House of Hope, Inc.'s internal control over financial reporting and compliance.

*Sullivan & Fengler*

Sullivan & Fengler  
Fort Lauderdale, Florida  
November 29, 2018

## **FINANCIAL STATEMENTS**

**HOUSE OF HOPE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30,

**ASSETS**

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents (Notes B,G)	\$ 413,804	\$ 435,838
Restricted cash clients	41,500	38,813
Grants and contracts receivable	589,548	331,586
Inventory (Note B)	10,851	13,189
Prepaid expenses	134,324	103,129
Investments - other (Note I)	766,126	535,022
Deferred mortgage costs	3,105	3,609
Deposits	490	490
Property and equipment (less accumulated depreciation of \$2,428,915 in 2018, and \$2,322,524 in 2017) (Note C)	<u>773,792</u>	<u>721,265</u>
<b>TOTAL ASSETS</b>	<b><u>\$2,733,540</u></b>	<b><u>\$2,182,941</u></b>

**LIABILITIES**

Accounts payable	\$ 46,847	\$ 62,934
Accrued expenses	104,231	91,583
Other liabilities - client funds	40,487	38,813
Debt (Notes E,F)	<u>284,531</u>	<u>349,462</u>
<b>TOTAL LIABILITIES</b>	<b><u>476,096</u></b>	<b><u>542,792</u></b>

**COMMITMENTS AND CONTINGENCIES**

- -

**NET ASSETS**

Unrestricted	2,257,444	1,612,461
Temporarily restricted (Note J)	-	27,688
Permanently restricted	<u>-</u>	<u>-</u>
<b>TOTAL NET ASSETS</b>	<b><u>2,257,444</u></b>	<b><u>1,640,149</u></b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$2,733,540</u></b>	<b><u>\$2,182,941</u></b>
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The accompanying notes are an integral part of these financial statements.

**HOUSE OF HOPE, INC.**  
**STATEMENT OF ACTIVITIES**  
Years Ended June 30,

**UNRESTRICTED NET ASSETS**

	<u>2018</u>	<u>2017</u>
<b>SUPPORT</b>		
Grants/contracts (Note D)	\$3,727,191	\$3,182,544
Bequests	224,286	-
Contributions individual/business	84,484	52,598
Contributed in-kind (Notes B,F)		
Professional fees/medical supplies/food	137,145	200,000
Interest imputed	<u>7,383</u>	<u>7,869</u>
	4,180,489	3,443,011
Net assets released from restrictions	<u>65,188</u>	<u>58,959</u>
Total Support	<u>4,245,677</u>	<u>3,501,970</u>
<b>REVENUE</b>		
Program fees	72,501	73,377
Other income	50,669	53,345
Interest income	7,323	181
Gain on sale of Crowley House (Note C)	<u>-</u>	<u>486,194</u>
Total Revenue	<u>130,493</u>	<u>613,097</u>
Total Support and Revenue	<u>4,376,170</u>	<u>4,115,067</u>
<b>EXPENSES</b>		
<b>PROGRAM SERVICES</b>		
Residential Level II	1,193,684	1,180,379
Residential Level III	347,939	203,439
Other Residential	1,629,648	1,697,429
Out Patient/Other	<u>58,652</u>	<u>-</u>
Total Program Expenses	<u>3,229,923</u>	<u>3,081,247</u>
<b>SUPPORTING SERVICES</b>		
Management and general	385,586	353,152
Fund raising/grant writing	<u>115,678</u>	<u>54,339</u>
Total Support Expenses	<u>501,264</u>	<u>407,491</u>
Total Expenses	<u>3,731,187</u>	<u>3,488,738</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>644,983</u>	<u>626,329</u>
<b>TEMPORARILY RESTRICTED NET ASSETS (Note J)</b>		
Contributions	37,500	60,000
Restricted satisfied	<u>&lt;65,188&gt;</u>	<u>&lt;58,959&gt;</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>&lt;27,688&gt;</u>	<u>1,041</u>
<b>CHANGE IN PERMANENTLY RESTRICTED NET ASSETS</b>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	617,295	627,370
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,640,149</u>	<u>1,012,779</u>
<b>NET ASSETS END OF YEAR</b>	<u>\$2,257,444</u>	<u>\$1,640,149</u>

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

**House of Hope, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2018**

	PROGRAM SERVICES				SUPPORTING SERVICES			Total
	Residential Level II	Residential Level III	Other Residential	Out Patient Other	Total Program	Administration	Fund Raising	
Payroll	\$ 591,853	\$ 172,515	\$ 810,551	\$ 41,991	\$ 1,616,910	\$ 208,952	\$ 52,270	\$ 1,878,132
Payroll taxes	57,356	16,718	75,280	3,858	153,212	20,400	4,472	178,084
Computer Expense	21,988	6,409	37,750	725	66,872	3,425	3,495	73,792
Food and Supplies	81,958	23,890	198,820	201	304,869	23,305	505	328,679
Insurance	78,202	22,794	102,672	1,643	205,311	23,985	6,928	236,224
Interest Expense						7,689		7,689
License/Fees/Dues	12,087	3,523	20,786	4,227	40,623	4,308	3,345	48,276
Supplies/Other	15,591	4,545	21,368	431	41,935	35,968	2,311	80,214
Postage	574	168	934	16	1,692	92	9,266	11,050
Professional Fees	143,961	41,962	78,188	1,954	266,065	4,004	18,928	288,997
Repairs and Maintenance	41,078	11,974	54,797	341	108,190	12,459	390	121,039
Seminars/Training	2,828	824	4,269	76	7,997	5,335	6,484	19,816
Program/Supplies	36,043	10,506	63,189	144	109,882	2,494	427	112,803
Medical Expenses	1,938	565	3,901		6,404	-	-	6,404
Professional Medical Services	3,000	874	7,481		11,355	-	-	11,355
Telephone	6,201	1,807	8,712	248	16,968	1,176	343	18,487
Utilities	47,942	13,974	66,600	546	129,062	15,592	-	144,654
Equipment Rental	4,469	1,303	5,588	82	11,442	661	125	12,228
Transportation/Travel/Meetings	7,750	2,259	15,642		25,651	4,477	2,962	33,090
Employee Recruitment	4,761	1,388	6,560	493	13,202	458	122	13,782
<b>Total Expense Before Depreciation</b>	<b>1,159,580</b>	<b>337,998</b>	<b>1,583,088</b>	<b>56,976</b>	<b>3,137,642</b>	<b>374,780</b>	<b>112,373</b>	<b>3,624,795</b>
Depreciation/Amortization	34,104	9,941	46,560	1,676	92,281	10,806	3,305	106,392
<b>Total Expenses</b>	<b>\$1,193,684</b>	<b>\$347,939</b>	<b>\$1,629,648</b>	<b>\$58,652</b>	<b>\$3,229,923</b>	<b>\$385,586</b>	<b>\$115,678</b>	<b>\$3,731,187</b>

The accompanying Notes are an integral part of this statement.



**House of Hope, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2017**

	PROGRAM SERVICES				SUPPORTING SERVICES		
	Residential Level II	Residential Level III	Other Residential	Total Program	Administration	Fund Raising	Total
Payroll	\$ 616,126	\$ 106,190	\$ 768,969	\$ 1,491,285	\$ 201,589	\$ 23,783	\$ 1,716,657
Payroll taxes	56,921	9,810	68,882	135,613	21,155	2,259	159,027
Computer Expense	26,582	4,582	39,541	70,705	3,463	2,968	77,136
Food and Supplies	83,518	14,394	192,966	290,878	-	-	290,878
Insurance	73,444	12,658	87,484	173,586	19,023	2,750	195,359
Interest Expense					7,890		7,890
License/Fees/Dues	8,565	1,476	14,281	24,322	1,530	769	26,621
Supplies/Other	18,834	3,246	22,720	44,800	51,371	7,166	103,337
Postage	369	64	497	930	55	5,865	6,850
Professional Fees	63,281	10,907	125,175	199,363	3,856	533	203,752
Repairs and Maintenance	37,432	6,451	42,383	86,266	9,141	460	95,867
Seminars/Training	4,327	746	5,689	10,762	4,095	5,804	20,661
Program/Supplies	21,388	3,686	38,609	63,683	-	-	63,683
Medical Expenses	2,741	472	2,818	6,031	-	-	6,031
Professional Medical Services	59,838	10,313	138,784	208,935	-	-	208,935
Telephone	6,829	1,177	8,192	16,198	1,205	237	17,640
Utilities	55,337	9,538	73,188	138,063	15,124	-	153,187
Equipment Rental	4,502	776	5,406	10,684	514	104	11,302
Transportation/Travel/Meetings	5,010	863	11,104	16,977	2,266	4	19,247
<b>Total Expense Before Depreciation</b>	<b>1,145,044</b>	<b>197,349</b>	<b>1,646,688</b>	<b>2,989,081</b>	<b>342,277</b>	<b>52,702</b>	<b>3,384,060</b>
<b>Depreciation/Amortization</b>	<b>35,335</b>	<b>6,090</b>	<b>50,741</b>	<b>92,166</b>	<b>10,875</b>	<b>1,637</b>	<b>104,678</b>
<b>Total Expenses</b>	<b>\$1,180,379</b>	<b>\$203,439</b>	<b>\$1,697,429</b>	<b>\$3,081,247</b>	<b>\$353,152</b>	<b>\$54,339</b>	<b>\$3,488,738</b>

The accompanying Notes are an integral part of this statement.

**HOUSE OF HOPE, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30,

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2018</u>	<u>2017</u>
Change in net assets	\$ 617,295	\$ 627,370
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation/amortization	106,392	104,678
Unrealized <gain> loss on investments	-	-
Loan costs amortization	504	504
<Increase> decrease in operating assets:		
Accounts receivable - other	-	13,750
Grants and contracts receivable	<257,962>	5,697
Inventory	2,338	<8,160>
Prepaid expenses	<31,195>	<14,028>
Increase <decrease> in operating liabilities:		
Accounts payable	<16,087>	<10,759>
Other liabilities	1,674	<2,090>
Accrued expenses	<u>12,648</u>	<u>&lt;27,250&gt;</u>
 NET CASH PROVIDED <USED> BY OPERATING ACTIVITIES	 <u>435,607</u>	 <u>689,712</u>
 CASH FLOWS TO INVESTING ACTIVITIES:		
Sale of assets	-	54,193
Purchase of investments	<766,126>	<535,022>
Sale of investments	535,022	-
Payments for property, building and equipment	<158,919>	<68,136>
	<u>&lt;390,023&gt;</u>	<u>&lt;548,965&gt;</u>
 CASH FLOWS <TO> FROM FINANCING ACTIVITIES:		
Payments on insurance note	-	<45,469>
Payments on debt	<64,931>	<69,674>
	<u>&lt;64,931&gt;</u>	<u>&lt;115,143&gt;</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 <19,347>	 25,604
 BEGINNING CASH AND CASH EQUIVALENTS	 <u>474,651</u>	 <u>449,047</u>
ENDING CASH AND CASH EQUIVALENTS	\$ <u>455,304</u>	\$ <u>474,651</u>
 Cash	 \$ 413,804	 \$ 435,838
Restricted cash	<u>41,500</u>	<u>38,813</u>
	\$ <u>455,304</u>	\$ <u>474,651</u>
 Supplemental Information - Interest	 \$ <u>7,689</u>	 \$ <u>7,841</u>
Taxes	<u>-</u>	<u>-</u>

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

## **NOTES TO FINANCIAL STATEMENTS**

**HOUSE OF HOPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS AND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**STATE FINANCIAL ASSISTANCE**  
**June 30, 2018 and 2017**

NOTE A - NATURE OF ACTIVITIES

Since 1969, House of Hope has provided hope and healing to men and women who suffer from substance abuse and/or occurring behavioral health disorders, in both a residential and outpatient setting. It is our mission to help individuals in South Florida recovering from addictive disorders and mental illness, return to the community with a comprehensive body of knowledge that allows them to maintain stable employment, develop personal responsibility, build family relationships and develop a support system utilizing 12 step programs. Our goal is to return our residents to the community as stable, productive and self-supporting. The Organization is supported primarily through contracts, grants and donor contributions.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The accompanying 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 Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Schedule of Expenditures of Federal Awards and State Financial Assistance

The accompanying Schedule of Federal Awards and State Financial Assistance (collectively referred to the "Schedule") includes the federal and state assistance of the House of Hope, Inc., under programs of the federal and state government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and Chapter 10.650, *Rules of the Auditor General* for the State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Grant expenditures are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and in chapter 10.650 *Rules of the Auditor General*, where certain types of expenditures are not allowable or are limited as to reimbursement.

Certain of the Organization's Federal and State programs have been charged with indirect costs, based upon an established relationships applied to overall expenditures. There is no other indirect cost allocation plan in effect. The Organization did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance. Matching costs (the Organization's share of certain program costs) are included in the reported expenditures.

No amounts were provided to sub-recipients. There were no loans or loan guarantees outstanding at year-end.

Match requirements by the State of Florida Department of Children and Family Services were met for each applicable contract for the year.

**HOUSE OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS AND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
June 30, 2018 and 2017**

NOTE B SIGNIFICANT ACCOUNTING POLICIES - continued

2. Revenue Recognition

Contributions

The Organization accounts for contributions in accordance with FASB Accounting Standards Codification No. 958 regarding *Accounting for Contribution Received and Contributions Made*. Contributions, including unconditional promises to give, are recognized as revenues in the period when the conditions on which they depend are substantially met. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

Contributions, which are restricted by the donor, are reported as increases in unrestricted net assets if the restriction expires in the same year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Grants and contract revenue are recognized when the allowable cost as defined by the individual grant or contract are incurred and/or the unit of service has been provided. Grants and contracts receivable at year end represent expenditures and/or units of service provided which have not yet been reimbursed by the grantor agency.

Donated Services/Support

Donated services/support (in-kind donations) are recognized as contributions in accordance with FASB Accounting Standards No. 958 regarding “*Accounting for Contributions Received and Contributions Made*”, if the services create or enhance non-financial assets, or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The value of donated services meeting the requirements for recognition in the financial statements was \$161,056 and \$229,036 for the years ended June 30, 2018 and 2017 respectively. The major contributed services include doctors, medical personnel, prescriptions, and medical supplies (under the healthcare for the homeless program) these are recorded as professional medical services on the statement of activities, and professional medical services on the statement of functional expenses. These services were donated by Broward Health.

House of Hope, Inc. received the following contributed services for the year ending June 30, with the support recorded as in-kind donations in the statement of activities and the offsetting expenses in the statement of functional expenses.

	<u>2018</u>	<u>2017</u>
<b>Expenses:</b>		
Professional medical services	\$133,000	\$200,000
Program	4,145	-
Food	16,528	21,167
Interest imputed (Note F)	7,383	7,869
	<u>\$161,056</u>	<u>\$229,036</u>

In addition, many individuals volunteer their time and services and perform a variety of tasks that assist the Organization. These volunteer services do not meet the requirements for recognition in the financial statements.

**HOUSE OF HOPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS AND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**STATE FINANCIAL ASSISTANCE**  
**June 30, 2018 and 2017**

NOTE B - SIGNIFICANT ACCOUNTING POLICIES – continued

3. Fair Value Measurement

Under FASB ASC 820, *Fair Value Measurements and Disclosures*, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between participants on the measurement date. The Organization has determined that there was no material difference between the carrying value and fair value of its financial assets and liabilities at June 30, 2018 or 2017; therefore, no adjustment for the effect of FASB ASC 820 was made to the Organization's financial statements.

4. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

5. Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method, buildings 30 years, furniture, equipment, and vehicles 3-7 years. All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, and betterment's that materially prolong the useful lives of assets are capitalized.

6. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand or in demand deposit accounts and highly liquid investments purchased with an original maturity of three months or less.

7. Inventory

Inventory consists primarily of food, cleaning supplies, and clothing and are recorded at fair market value or cost at the date of receipt, which approximates the lower of cost or net realizable value, on a first in first out basis.

**HOUSE OF HOPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS AND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**STATE FINANCIAL ASSISTANCE**  
**June 30, 2018 and 2017**

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - continued

8. Functional Expenses

The costs of providing the various programs and facilities have been summarized on a functional basis in the statement of activities. Expenditures are allocated to the facility and program based on direct expenditures incurred. Any expenditure not directly chargeable has been allocated among the program and supporting services benefited.

9. Income Taxes

The Organization qualified as a tax-exempt organization under section 501 (c)(3) of the Internal Revenue Code and, therefore has no provision for federal income tax. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private organization under Section 509(a)(2). Income from certain Organization activities not directly related to its tax-exempt purpose may be subject to income tax. The current and previous three years remain subject to examination by the IRS. There was no unrelated business income or deferred taxes for the year ended June 30, 2018 or 2017.

10. Allowance for Doubtful Accounts

Management periodically reviews the grants and contracts receivable balance and provides an allowance for accounts which may be uncollectable. As of June 30, 2018 and 2017, management considered the grants and contracts receivable balance to be fully collectible within the current accounting period and no allowance for doubtful accounts was considered necessary.

11. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through November 29, 2018, the date which the financial statements were available to be issued.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment at June 30, consists of the following:

	<u>2018</u>	<u>2017</u>
<b>Land and improvements</b>	<b>\$ 80,505</b>	<b>\$ 80,505</b>
<b>Buildings</b>	<b>2,740,626</b>	<b>2,619,700</b>
<b>Furniture and equipment</b>	<b>263,275</b>	<b>256,209</b>
<b>Transportation vehicles</b>	<b><u>118,301</u></b>	<b><u>87,375</u></b>
	<b>3,202,707</b>	<b>3,043,789</b>
<b>Accumulated depreciation</b>	<b>&lt;2,428,915&gt;</b>	<b>&lt;2,322,524&gt;</b>
	<b><u>\$ 773,792</u></b>	<b><u>\$ 721,265</u></b>

Depreciation expense was \$106,392 and \$104,678 for the years ending June 30, 2018 and 2017, respectively. Some of the Organization's land and buildings are pledged as collateral.

House of Hope, Inc., sold Crowley House in December of 2016, for \$581,000, the book value as of the date of sale was \$54,497, the gain on the sale was \$486,194 net of closing costs.

**HOUSE OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS AND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
June 30, 2018 and 2017**

NOTE D - SUMMARY OF GRANTS/CONTRACTS FUNDING 2018

House of Hope, Inc. was primarily funded through the following grants and contracts for the period July 1, 2017, to June 30, 2018:

<u>Federal State Agency Pass-through Entity</u>	<u>CFDA/CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditure</u>
<b>FEDERAL AGENCY NAME</b>			
United States Department of Health and Human Services Department of Children and Families	93.958	34358	\$ 29,126
Pass-through State of FL	93.959	34358	<u>774,654</u>
<b>Total Expenditure of Federal Awards</b>			<u><b>803,780</b></u>
<b>STATE AGENCY NAME</b>			
State of Florida Department of Children and Families Mental Health Substance Abuse	60.131	34358	<u><b>1,286,808</b></u>
Pass-through State of FL State of Florida Department of Correction Substance Abuse Services	70.016		
Residential Secure Program		C2653	554,537
Residential Non-Secure Program		C2815	<u>906,513</u>
			<u><b>1,461,050</b></u>
<b>Total State Financial Assistance</b>			<u><b>2,747,858</b></u>
<b>Broward County Match Funds</b>			<u><b>175,553</b></u>
<b>Total Grants and Contracts</b>			<u><b>\$3,727,191</b></u>



**HOUSE OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS AND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
June 30, 2018 and 2017**

NOTE D - SUMMARY OF GRANTS/CONTRACTS FUNDING – 2017 continued

House of Hope, Inc. was primarily funded through the following grants and contracts for the period July 1, 2016, to June 30, 2017:

<u>Federal State Agency Pass-through Entity</u>	<u>CFDA/CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditure</u>
<b>FEDERAL AGENCY NAME</b>			
United States Department of Health and Human Services Department of Children and Families	93.958	34358	\$ 80,375
Pass-through State of FL	93.959	34358	<u>572,445</u>
<b>Total Expenditure of Federal Awards</b>			<u><b>652,820</b></u>
<b>STATE AGENCY NAME</b>			
State of Florida Department of Children and Families Mental Health Substance Abuse	60.131	34358	<u>966,160</u>
Pass-through State of FL State of Florida Department of Correction Substance Abuse Services	70.016		
Residential Secure Program		C2653	414,631
Residential Non-Secure Program		C2815	<u>1,148,933</u>
			<u><b>1,563,564</b></u>
<b>Total State Financial Assistance</b>			<u><b>2,529,724</b></u>
<b>Total Grants and Contract</b>			<u><b>\$3,182,544</b></u>

**HOUSE OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS AND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
June 30, 2018 and 2017**

NOTE E – DEBT

	<u>2018</u>	<u>2017</u>
BB&T – loan entered into September 7, 2014, fixed rate 4.15, 120 month (ten year) term loan for \$300,000 monthly payments are \$3,067. This loan contains other restricting covenants. Mortgage collateral, real estate.	\$201,456	\$229,152
City of Fort Lauderdale, in 1999 entered a 20 year loan – ten years no payment, zero interest, payments commenced November, 2011. Mortgage collateral, real estate. (See Note F)	70,576	94,722
BB&T Business loans– three loans for vehicles purchases entered into June 2014 – four year 4.15 percent with combined monthly payments of \$1,159.	<u>12,499</u>	<u>25,588</u>
<b>Total debt</b>	<b><u>\$284,531</u></b>	<b><u>\$349,462</u></b>

Aggregate principal maturities for the next five years for June 30, are as follows:

2019	\$ 63,891
2020	52,513
2021	53,791
2022	36,553
2023	34,227
Thereafter	<u>43,556</u>
	<b><u>\$284,531</u></b>

NOTE F – IMPUTED INTEREST/DEBT

During 1999, the House of Hope, Inc., received \$222,933 from the City of Fort Lauderdale for rehabilitation of its facilities under a twenty year zero interest loan, deferred payments for ten years. Payments commenced November, 2011, with monthly payments of \$1,857.

Interest is being imputed on this loan at a rate of six percent. Contributions of interest imputed and interest expense are recorded in the statement of activities for \$7,383 and \$7,869 for the years ended June 30, 2018, and 2017.

**HOUSE OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS AND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
June 30, 2018 and 2017**

NOTE G – CONTINGENCIES/COMMITMENTS

Substantial Support

For the year ending June 30, 2018, and 2017, House of Hope, Inc., had substantial support from the State of Florida Department of Children and Family and the State of Florida Department of Corrections. A change in this support, if it were to occur, would significantly affect the operations of the House of Hope, Inc., as it currently exists.

Amounts received from grantor agencies are subject to additional audit and adjustment. As a result of such audits, the grantor may require that amounts be returned.

Funding agreements for services to be provided are entered into on an annual basis. The release of funds is subject to monies being made available by the federal and state government. These agreements may generally be terminated with written notice; however, such an event would be unlikely if contract performance continues to be satisfactory.

Operating Leases

The Organization has entered into an operating lease for office equipment. Rental expense on this operating lease was \$23,460 and \$7,260 for 2018, and 2017, respectively.

In July 2017, House of Hope Inc., entered into a contract for technology support for its' medical records. This contract is cancellable with twelve months' notice.

Future minimum rent payments under these operating leases are as follows as of June 30, 2019 is \$21,174.

Purchases and Construction Contracts

As of June 30, 2018, the House of Hope, Inc., had entered into the following contracts:

	Contract <u>Amount</u>	Paid through <u>June 30, 2018</u>	Remaining <u>Commitment</u>
Purchase and installation of a generator	\$ 27,000	\$ -	\$ 27,000
Purchase and installation of a fence	57,500	28,750	28,750
Roof replacement	37,200	-	37,200
Annex remodeling	60,000	30,000	30,000
Air-conditioning unit	13,600	6,800	6,800
Replacement of windows	<u>48,323</u>	<u>24,162</u>	<u>24,161</u>
	<u>\$243,623</u>	<u>\$ 89,712</u>	<u>\$153,911</u>

**HOUSE OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS AND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
June 30, 2018 and 2017**

NOTE G – CONTINGENCIES/COMMITMENTS - continued

Financial instruments that potentially subject the Organization to concentrations of credit risk are cash. The Organization maintains cash with financial institutions that, from time to time, may include balances which exceed federally insured limits. These balances are maintained with high quality institutions, which management feels limits those risks.

The Organization entered into a revolving line of credit with a bank for a maximum borrowing of \$100,000 with interest only payable monthly at prime rate plus 1.75%. The line has not been accessed as of June 30, 2018, and remains approved and open until March 9, 2019.

NOTE H- INSURANCE

The following is a summary of insurance coverage in effect at June 30, 2018:

Crime - \$100,000  
Business Interruption – \$308,000  
Property \$4,478,293  
Flood - \$1,913,000  
Umbrella - \$3,000,000  
Auto - \$1,000,000  
Workers Compensation - \$2,000,000

NOTE I - INVESTMENTS - OTHER

The House has invested in certificates of deposit. The certificates may incur penalties for early withdrawal of funds. It is the intent of the House is to hold the investments until maturity. The following is a summary of those investments valued as of June 30:

<b>Certificates of deposit:</b>	<u>2018</u>	<u>2017</u>
Fifteen months	\$167,751	\$ -
Twelve months	598,375	100,022
Six months	-	167,500
Three months	-	267,500
	<u>\$766,126</u>	<u>\$535,022</u>

NOTE J – TEMPORARILY RESTRICTED NET ASSETS

Contributions, which are restricted by the donor, are reported as increases in unrestricted net assets if the restriction expires in the same year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

NOTE K – RECLASSIFICATIONS

Certain reclassifications have been made to the June 30, 2017, financial statements to conform to the June 30, 2018, presentation.

**HOUSE OF HOPE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**STATE FINANCIAL ASSISTANCE**  
**For the Year Ended June 30, 2018**

<u>Federal Agency/ Pass through Entity/ Program Title</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Federal Expenditures</u>	<u>Transfer to Sub recipients</u>
U.S. Department of Health and Human Services Block Grant for Community Mental Health Services - Pass through State of Florida Department of Children and Families: Mental Health Substance Abuse Facility	93.958	34358-17-3	\$ 29,126	-
U.S. Department of Health and Human Services Block Grant for Prevention and Treatment of Substance Abuse -Pass through State of Florida Department Of Children and Families: Mental Health Substance Abuse Facility	93.959	34358-17-3	<u>774,654*</u>	-
<b>Total Expenditure of Federal Awards</b>			<b><u>\$803,780</u></b>	<b><u>-</u></b>

<u>State Agency/ Pass through Entity/ Program Title</u>	<u>CSFA Number</u>	<u>Contract/Grant Number</u>	<u>State Expenditures</u>	<u>Transfer to Sub recipients</u>
Florida Department of Children and Families: Mental Health Substance Abuse Facility	60.131	34358-17-3	\$1,286,808*	-
State of Florida: Department of Correction: Substance Abuse Services Residential Secure Program	70.016	C2653	554,537*	
Residential Non-Secure Program		C2815	<u>906,513*</u>	
			<u>1,461,050</u>	<u>-</u>
<b>Total Expenditure of State Financial Assistance</b>			<b><u>\$2,747,858</u></b>	<b><u>-</u></b>

\* Denotes major program

The matching requirements for the State of Florida Department of Children and Families contract were met for the year ending June 30, 2018.

The accompanying notes are in integral part of this financial statement.



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**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Board of Trustees of the  
House of Hope, Inc.  
Fort Lauderdale, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of House of Hope, Inc., (a not for profit organization), which comprise the statement of financial position as of June 30, 2018, and the related 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 November ??, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered House of Hope, Inc.'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 House of Hope, Inc.'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To the Board of Trustees of the  
House of Hope, Inc.  
Fort Lauderdale, Florida

### **Compliance and other Matters**

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

*Sullivan & Fengler*

Sullivan & Fengler  
Fort Lauderdale, Florida  
November 29, 2018



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

To the Board of Trustees of the  
House of Hope, Inc.  
Fort Lauderdale, Florida

**Report on Compliance for Each Major Federal Program and State Project**

We have audited the House of Hope, Inc.'s (a not for profit organization) (Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Department of Financial Services Florida State Projects Compliance Supplement* that could have a direct and material effect on each of House of Hope, Inc.'s major federal programs and state projects for the year ended June 30, 2018. House of Hope, Inc.'s major federal programs and state projects 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 the federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of House of Hope, Inc.'s major federal programs and state projects 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); and Chapter 10.650, *Rules of the Florida Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.650, *Rules of the Florida Auditor General*, 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 the major federal programs and/or state projects occurred. An audit includes examining, on a test basis, evidence about House of Hope, 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 and state project. However, our audit does not provide a legal determination of House of Hope, Inc.'s compliance.



Board of Trustees of the  
House of Hope, Inc.  
Fort Lauderdale, Florida

### **Opinion on Each Major Federal Program and State Project**

In our opinion, House of Hope, Inc.'s 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 and state projects for the year ended June 30, 2018.

### **Report on Internal Control over Compliance**

Management of House of Hope, 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 House of Hope, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project 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 state project and to test and report on internal control over compliance in accordance with Uniform Guidance and Chapter 10.650, *Rules of the Florida Auditor General*, 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 House of Hope, 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 and/or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program and or state project 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 and/or state project 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.

### **Purpose of this Report**

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 and Chapter 10.650, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

*Sullivan & Fengler*

Sullivan & Fengler  
Fort Lauderdale, Florida  
November 29, 2018

**HOUSE OF HOPE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2018**

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency (ies) identified? yes none reported

Noncompliance material to the financial statements noted? yes no

**Federal Awards**

Internal control over major Federal programs:

Material weakness(es) identified? yes no

Significant deficiencies identified? yes none reported

Type of auditor's report issued on compliance for major Federal programs Unmodified

Any audit finding disclosed that are required to be Reported in accordance with 2CFR 200.516(a) yes no

**Identification of Major Federal Programs:**

U.S. Department of Health and Human Services Block Grant for Prevention and Treatment of Substance Abuse

CFDA 93.959 \$ 774,654

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low risk? No

(continued)

**HOUSE OF HOPE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-Continued**  
**Year Ended June 30, 2018**

**Section I - Summary of Auditor's Results – continued**

**State Projects**

Type of auditor's report issued on compliance for major Projects: Unmodified

Internal control over major projects:

Material weakness(es) identified? \_\_\_yes Xno

Significant deficiencies identified? \_\_\_yes Xnone reported

Any audit finding disclosed that are required to be Reported in accordance with Chapter 10.650, *Rules Of the Auditor General of the State of Florida*? \_\_\_yes Xno

**Identification of Major State Financial Assistance Projects:**

Florida Department of Children and Families Mental Health Substance Abuse Facility	CSFA No. 60.131	\$1,286,808
Florida Department of Correction Substance Abuse Services	CSFA No. 70.016	
	Residential Secure Program 2653	\$ 554,537
	Residential Non-Secure Program C2815	<u>906,513</u>
		<u>\$ 1,461,050</u>
Dollar threshold used to distinguish between Type A and Type B programs:		\$ 300,000

**Section II - Findings - Financial Statement Findings**

- (A) Internal Control Findings  
No matters were reported.
- (B) Compliance Findings  
No matters were reported.

**Section III – Federal Awards and State Projects Findings and Questioned Costs**

No matters were reported.

**Section IV – Other Reporting**

- (A) No Corrective Action Plan is presented because there were no findings required to be reported.

**HOUSE OF HOPE, INC.**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**Year Ended June 30, 2018**

Prior audit findings      None



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**Management Letter**

To the Board of Trustees of the  
House of Hope, Inc.  
Fort Lauderdale, FL

**Report on the Financial Statements**

We have audited the financial statements of the House of Hope, Inc., as of and for the fiscal year ended June 30, 2018, and have issued our report there on dated November 29, 2018.

**Auditor's Responsibility**

We conducted our audit 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 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) and Chapter 10.650, Rules of the Auditor General.

**Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance *Government Auditing Standards*, Independent Auditors Report on Compliance for Each Major Federal Program and State Project and report on Internal Control over Compliance in accordance with the Uniform Guidance, and Chapter 10.650, Rules of the Florida Auditor General.

**Additional Matters**

Section 10.654 (1) (e), Rules of the Auditor General, require that we address noncompliance with the provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statement or State Project amount that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, Florida Auditor General, Grantors, Board of Trustees and management and is not intended and should not be used by anyone other than these specified parties.

*Sullivan & Fengler*

Sullivan & Fengler  
Fort Lauderdale, Florida  
November 29, 2018

**SUPPLEMENTAL INFORMATION  
REQUIRED BY GRANTOR  
(Unaudited)**

**HOUSE OF HOPE, INC.**  
Schedule of State Earnings  
For the Year Ended June 30, 2018

**(Unaudited)**

**July 1, 2017 to June 30, 2018**

<b>Total Expenditures</b>	<b>\$ 3,731,187</b>
<b>Less Other State and Federal Funds</b>	<b>&lt;1,286,808&gt;</b>
<b>Less Non-Match SAMH Funds</b>	<b>&lt;1,818,451&gt;</b>
<b>Less Unallowable Costs Per 65E-14, F.A.C.</b>	<b><u>                  -</u></b>
<b>Total Allowed Expenditures</b>	<b><u>          625,928</u></b>
<b>Maximum available State Earnings</b>	<b><u>          469,446</u></b>
<b>Amount of State Funds Requiring match</b>	<b><u>          272,137</u></b>
<b>Amount Due to the Department</b>	<b>\$ <u><u>                  -</u></u></b>

Nothing came to our attention during the audit of the financial statements of the House of Hope, Inc., for the year ended June 30, 2018 that materially affects these calculations.

**HOUSE OF HOPE, INC.**  
Schedule of Related Party Transaction Adjustments  
For the Fiscal Year Ending June 30, 2018  
**(Unaudited)**

There were no related party transactions for the year ended June 30, 2018.