

Financial Statements

OPERATION NEW HOPE, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

YEARS ENDED DECEMBER 31, 2021 AND 2020



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STEVEN D. RAWLINS, CPA
GARY M. HUGGETT, CPA
DAVID W. HOWIE, CPA

**INDEPENDENT AUDITOR'S REPORT ON THE
BASIC FINANCIAL STATEMENTS AND SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS**

Board of Directors
Operation New Hope, Inc.
Jacksonville, Florida

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Operation New Hope, Inc. (a non-for-profit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Operation New Hope, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Operation New Hope, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Operation New Hope, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Operation New Hope, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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 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 schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2022, on our consideration of Operation New 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 Operation New Hope, 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 Operation New Hope, Inc.'s internal control over financial reporting and compliance.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Source and Expenditure of City Grant Funds on page 20 is presented for purposes of additional analysis and is not a required part of the basic 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. This information has been subjected to the auditing procedures applied in our audit of the basic 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole, and the nature of the expenses relating to the City of Jacksonville grant proceeds are in compliance with Ordinance Section 118.

Mothers, Smith & Wisby P.A.

Certified Public Accountants
Jacksonville, Florida

April 11, 2022

OPERATION NEW HOPE, INC.
(A Not-For-Profit Organization)

STATEMENTS OF FINANCIAL POSITION

| <u>ASSETS</u> | December 31 | |
|--|--------------|--------------|
| | 2021 | 2020 |
| Current Assets: | | |
| Unrestricted cash and cash equivalents | \$ 2,702,145 | \$ 2,249,296 |
| Restricted cash | 80,000 | 68,140 |
| Accounts receivable | 963,327 | 563,226 |
| Other current assets | 140,562 | 91,954 |
| Total Current Assets | 3,886,034 | 2,972,616 |
| Property and equipment, net | 702,965 | 683,603 |
| Total Assets | \$ 4,588,999 | \$ 3,656,219 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities: | | |
| Accounts payable | \$ 37,389 | \$ 16,604 |
| Current portion of notes payable | 31,154 | 29,643 |
| Other current liabilities | 66,962 | 55,856 |
| Total Current Liabilities | 135,505 | 102,103 |
| Other Liabilities: | | |
| Notes payable, less current portion | 244,058 | 275,066 |
| Net Assets: | | |
| Without donor restrictions | 4,129,436 | 3,210,910 |
| With donor restrictions | 80,000 | 68,140 |
| Total Net Assets | 4,209,436 | 3,279,050 |
| Total Liabilities and Net Assets | \$ 4,588,999 | \$ 3,656,219 |

See notes to financial statements

OPERATION NEW HOPE, INC.
(A Not-For-Profit Organization)

STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|---------------------|
| Public Support and Revenue: | | | |
| Governmental agency contracts and grants | \$ 3,829,449 | \$ 111,909 | \$ 3,941,358 |
| Private grants | 144,000 | 224,500 | 368,500 |
| Contributions | 560,513 | 26,045 | 586,558 |
| Noncash contributions | 53,164 | - | 53,164 |
| Replication revenue | 15,000 | - | 15,000 |
| Fundraising events | 133,084 | - | 133,084 |
| Interest income | 2,574 | - | 2,574 |
| Forgiveness on paycheck protection loan | 461,570 | - | 461,570 |
| Other | 41,536 | 6 | 41,542 |
| Net assets released from restrictions | 350,600 | (350,600) | - |
| | <u>5,591,490</u> | <u>11,860</u> | <u>5,603,350</u> |
| Total Support and Revenue | | | |
| Expenses: | | | |
| Program Services | 3,950,020 | - | 3,950,020 |
| Supporting Services: | | | |
| Management and general | 481,129 | - | 481,129 |
| Fund raising | 241,815 | - | 241,815 |
| | <u>4,672,964</u> | <u>-</u> | <u>4,672,964</u> |
| Total Expenses | | | |
| Change in Net Assets | <u>918,526</u> | <u>11,860</u> | <u>930,386</u> |
| Net Assets, Beginning of Year | <u>3,210,910</u> | <u>68,140</u> | <u>3,279,050</u> |
| Net Assets, End of Year | <u>\$ 4,129,436</u> | <u>\$ 80,000</u> | <u>\$ 4,209,436</u> |

See notes to financial statements

OPERATION NEW HOPE, INC.
(A Not-For-Profit Organization)

STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|---------------------|
| Public Support and Revenue: | | | |
| Governmental agency contracts and grants | \$ 2,258,613 | \$ - | \$ 2,258,613 |
| Private grants | 109,750 | 15,000 | 124,750 |
| Contributions | 1,506,111 | 20,663 | 1,526,774 |
| Noncash contributions | 79,964 | 31,986 | 111,950 |
| Rental income | 67,074 | - | 67,074 |
| Replication revenue | 15,000 | - | 15,000 |
| Property sales, net | 270,009 | - | 270,009 |
| Interest income | 4,939 | 167 | 5,106 |
| Forgiveness on paycheck protection loan | 419,600 | - | 419,600 |
| Other | 1,054 | - | 1,054 |
| Net assets released from restrictions | 593,675 | (593,675) | - |
| | <u>5,325,789</u> | <u>(525,859)</u> | <u>4,799,930</u> |
| Total Support and Revenue | | | |
| Expenses: | | | |
| Program Services | 3,629,415 | - | 3,629,415 |
| Supporting Services: | | | |
| Management and general | 481,440 | - | 481,440 |
| Fund raising | 117,099 | - | 117,099 |
| | <u>4,227,954</u> | <u>-</u> | <u>4,227,954</u> |
| Total Expenses | | | |
| Change in Net Assets | <u>1,097,835</u> | <u>(525,859)</u> | <u>571,976</u> |
| Net Assets, Beginning of Year | <u>2,113,075</u> | <u>593,999</u> | <u>2,707,074</u> |
| Net Assets, End of Year | <u>\$ 3,210,910</u> | <u>\$ 68,140</u> | <u>\$ 3,279,050</u> |

See notes to financial statements

OPERATION NEW HOPE, INC.
(A Not-For-Profit Organization)

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

| | Program Services | Supporting Services | | | Total |
|---------------------------------------|-----------------------|---------------------------|-------------------|---------------------|---------------------|
| | Social Development | Management and General | Fund Raising | Total Supporting | |
| Salaries | \$ 1,650,994 | \$ 254,842 | \$ 129,470 | \$ 384,312 | \$ 2,035,306 |
| Employee benefits | 138,456 | 13,601 | 5,228 | 18,829 | 157,285 |
| Payroll taxes | 135,104 | 20,261 | 9,678 | 29,939 | 165,043 |
| Total | <u>1,924,554</u> | <u>288,704</u> | <u>144,376</u> | <u>433,080</u> | <u>2,357,634</u> |
| Client direct services | 992,810 | - | - | - | 992,810 |
| Building occupancy | 169,807 | 7,374 | 10,070 | 17,444 | 187,251 |
| Contract labor | 33,143 | - | - | - | 33,143 |
| Training and development | 12,875 | 326 | 333 | 659 | 13,534 |
| Technology | 329,357 | 35,704 | 13,923 | 49,627 | 378,984 |
| Professional fees | 69,771 | 77,859 | 8,046 | 85,905 | 155,676 |
| Office expense | 131,331 | 4,571 | 3,779 | 8,350 | 139,681 |
| Rental | 53,917 | - | - | - | 53,917 |
| Advertising | 14,846 | 194 | 110 | 304 | 15,150 |
| Fundraising | - | - | 55,075 | 55,075 | 55,075 |
| Lobbying | - | 39,193 | - | 39,193 | 39,193 |
| Insurance | 42,767 | 837 | 1,802 | 2,639 | 45,406 |
| Travel | 13,368 | 1,693 | 98 | 1,791 | 15,159 |
| Interest | 19,894 | 370 | 842 | 1,212 | 21,106 |
| Meals and entertainment | 6,971 | 15,431 | 504 | 15,935 | 22,906 |
| Loss on disposal of assets | 2,949 | 324 | 183 | 507 | 3,456 |
| Other | - | 3,834 | - | 3,834 | 3,834 |
| Total Expenses before Depreciation | <u>3,818,360</u> | <u>476,414</u> | <u>239,141</u> | <u>715,555</u> | <u>4,533,915</u> |
| Depreciation expense | <u>131,660</u> | <u>4,715</u> | <u>2,674</u> | <u>7,389</u> | <u>139,049</u> |
| Total Functional Expenses | <u>\$ 3,950,020</u> | <u>\$ 481,129</u> | <u>\$ 241,815</u> | <u>\$ 722,944</u> | <u>\$ 4,672,964</u> |

See notes to financial statements

OPERATION NEW HOPE, INC.
(A Not-For-Profit Organization)

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

| | Program Services | Supporting Services | | | Total |
|---------------------------------------|-----------------------|---------------------------|-------------------|---------------------|---------------------|
| | Social Development | Management and General | Fund Raising | Total Supporting | |
| Salaries | \$ 1,768,514 | \$ 247,905 | \$ 93,029 | \$ 340,934 | \$ 2,109,448 |
| Employee benefits | 158,420 | 12,144 | 5,485 | 17,629 | 176,049 |
| Payroll taxes | 133,320 | 19,322 | 6,519 | 25,841 | 159,161 |
| Total | <u>2,060,254</u> | <u>279,371</u> | <u>105,033</u> | <u>384,404</u> | <u>2,444,658</u> |
| Client direct services | 555,306 | - | - | - | 555,306 |
| Client apartments | 38,542 | - | - | - | 38,542 |
| Building occupancy | 68,460 | 8,692 | 3,475 | 12,167 | 80,627 |
| Contract labor | 14,191 | - | - | - | 14,191 |
| Training and development | 22,867 | 1,233 | - | 1,233 | 24,100 |
| Technology | 220,493 | 55,889 | 1,007 | 56,896 | 277,389 |
| Professional fees | 135,680 | 59,118 | 131 | 59,249 | 194,929 |
| Office expense | 98,456 | 24,594 | 205 | 24,799 | 123,255 |
| Rental | 77,738 | - | - | - | 77,738 |
| Advertising | 11,624 | 2,306 | 57 | 2,363 | 13,987 |
| Fundraising | - | - | 85 | 85 | 85 |
| Lobbying | - | 38,503 | - | 38,503 | 38,503 |
| Insurance | 37,623 | 4,776 | 1,910 | 6,686 | 44,309 |
| Travel | 8,509 | 212 | 1,465 | 1,677 | 10,186 |
| Interest | 25,692 | 3,617 | - | 3,617 | 29,309 |
| Meals and entertainment | 5,178 | - | - | - | 5,178 |
| Bad debt | 35,000 | - | - | - | 35,000 |
| Other | - | 62 | 2,504 | 2,566 | 2,566 |
| Total Expenses before Depreciation | <u>3,415,613</u> | <u>478,373</u> | <u>115,872</u> | <u>594,245</u> | <u>4,009,858</u> |
| Depreciation expense | <u>213,802</u> | <u>3,067</u> | <u>1,227</u> | <u>4,294</u> | <u>218,096</u> |
| Total Functional Expenses | <u>\$ 3,629,415</u> | <u>\$ 481,440</u> | <u>\$ 117,099</u> | <u>\$ 598,539</u> | <u>\$ 4,227,954</u> |

See notes to financial statements

OPERATION NEW HOPE, INC.
(A Not-For-Profit Organization)

STATEMENTS OF CASH FLOWS

| | Years Ended December 31 | |
|---|--------------------------------|---------------------|
| | 2021 | 2020 |
| Cash Flows from Operating Activities: | | |
| Change in net assets | \$ 930,386 | \$ 571,976 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Depreciation | 139,049 | 218,096 |
| Loss/(gain) on sale of fixed assets | 3,456 | (272,749) |
| Pledges receivable | - | 31,570 |
| Forgiveness on paycheck protection program loan | (461,570) | (419,600) |
| Other current assets | (48,608) | (9,720) |
| Changes in assets and liabilities: | | |
| Receivables | (400,101) | 22,049 |
| Accounts payable | 20,785 | 478 |
| Other current liabilities | 11,106 | 4,444 |
| | 194,503 | 146,544 |
| Net Cash Flows from Operating Activities | 194,503 | 146,544 |
| Cash Flows from Investing Activities: | | |
| Proceeds on sale of property and equipment | - | 141,401 |
| Purchase of property and equipment | (161,867) | (22,191) |
| | (161,867) | 119,210 |
| Net Cash Flows from Investing Activities | (161,867) | 119,210 |
| Cash Flows from Financing Activities: | | |
| Proceeds from paycheck protection program loan | 461,570 | 419,600 |
| Principal payments on notes payable | (29,497) | (36,786) |
| | 432,073 | 382,814 |
| Net Cash Flows from Financing Activities | 432,073 | 382,814 |
| Net Change in Cash and Cash Equivalents and Restricted Cash | 464,709 | 648,568 |
| Cash and Cash Equivalents and Restricted Cash Beginning of Year | 2,317,436 | 1,668,868 |
| Cash and Cash Equivalents and Restricted Cash End of Year | \$ 2,782,145 | \$ 2,317,436 |
| Cash - without donor restrictions | 2,702,145 | 2,249,296 |
| Cash - with donor restrictions | 80,000 | 68,140 |
| | \$ 2,782,145 | \$ 2,317,436 |
| Supplemental Disclosures of Non-cash Information: | | |
| Cash paid for interest | \$ 21,106 | \$ 29,309 |
| Supplemental Schedule of Non-cash Financing and Investing Activities: | | |
| Notes payable settled in connection with the sale of property | \$ - | \$ 2,848,333 |

See notes to financial statements

OPERATION NEW HOPE, INC.
(A Not-For-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

A. Nature of Activities:

Operation New Hope, Inc. (the "Organization") was incorporated in Florida as a not-for-profit Corporation in March 1999. It is the mission of the Organization to provide individuals and families with opportunities and tools necessary to rebuild their lives and restore communities through sustainable economic development initiatives.

B. Summary of Significant Accounting Policies:

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.

Financial Statement Presentation:

In accordance with generally accepted accounting principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition, the Organization is required to present a statement of cash flows.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable:

Accounts receivable balance primarily consists of amounts due to the Organization from governmental units under the terms of various contracts. The Organization has not had any losses of accounts receivable and does not maintain an allowance for doubtful accounts.

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 may differ from those estimates.

Expense Allocation:

The costs of providing program services, management and fund-raising activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Program service costs that can be directly identified with a program are charged to the appropriate program. Costs that can be directly identified as fund-raising are charged to fund-raising expense. Supporting services, including administration and senior management costs are allocated to programs, management and general and fund raising based on estimates of time spent on those activities.

OPERATION NEW HOPE, INC.
(A Not-For-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020
(continued)

B. Summary of Significant Accounting Policies (continued):

Income Taxes:

The Organization is a tax-exempt Organization as defined in Section 501(c)(3) of the Internal Revenue Code. The Organization is exempt from federal and state income taxes on related income pursuant to Section 501 (a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively.

The Organization applies generally accepted accounting principles related to income tax uncertainties. The Organization has determined that there were no unrecognized tax benefits for the years ended December 31, 2021 and 2020. The Organization files tax returns in the U.S. federal jurisdiction. Tax years that remain subject to examination by major tax jurisdictions are 2018 and forward.

Property and Equipment:

Property and equipment are recorded at historical cost or fair market value at date of donation. Purchases in excess of \$5,000 are capitalized. Depreciation is computed using the straight-line method over the useful lives of the assets, which range from five to forty years.

The Organization reports gifts of land, building, and equipment as without restrictions support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. The Organization does not imply time restrictions expiring over the estimated useful life of contributed long lived assets.

Periodically, management reviews land, building, and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Impairment is measured by comparing the carrying amount of the asset to the sum of expected future cash flows (undiscounted and without interest charges) resulting from use of the asset and its eventual disposition. Management believes that there are no impairment losses on long-lived assets as of December 31, 2021.

Public Support:

Public support revenues from government grants are recorded based on the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs or units of service of the specific grant provisions have been incurred or provided. Such revenue is subject to audit by the grantor and, if the examination results in a non-allowance of units of service or expenses, the Organization will be required to reimburse any overpayments.

OPERATION NEW HOPE, INC.
(A Not-For-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020
(continued)

B. Summary of Significant Accounting Policies (continued):

Contributions and Support Without and With Donor Restrictions:

Contributions and support received are recorded either without or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Concentrations of Credit Risk:

The Organization's financial instruments that are exposed to concentration of credit risk consist primarily of cash and cash equivalents. The Organization places its cash and cash equivalents with high credit quality institutions. At such times the financial instruments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits.

Contributions and Promises to Give:

The Organization recognizes contributions received, including unconditional promises to give, as assets and revenues in the period received at their net realizable fair values. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as revenue when the conditions upon which they depend are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Gifts of cash or other assets are reported as restricted support if they are received with donor stipulations that limit the use of such assets. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

The Organization has received conditional long-term pledges from various donors to provide yearly unrestricted gifts as follows:

| <u>Year Ended December 31,</u> | <u>Amount</u> |
|--------------------------------|---------------------|
| 2022 | \$ 405,000 |
| 2023 | 205,000 |
| 2024 | 205,000 |
| 2025 | 200,000 |
| Total | <u>\$ 1,015,000</u> |

OPERATION NEW HOPE, INC.
(A Not-For-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020
(continued)

B. Summary of Significant Accounting Policies (continued):

Noncash Contributions:

When equipment is donated, in-kind values are recorded as contributions.

Fair Value Measurements:

The carrying amounts reflected in the balance sheet for cash, accounts receivable, pledges receivable, other current assets, accounts payable and other current liabilities approximate fair value due to the relative terms and/or short maturity of these financial instruments. The fair value of notes payable at December 31, 2021 and 2020 approximate carrying value due to the interest rates in effect.

Recent Accounting Pronouncement - Leases:

In February 2016, the FASB issued ASU 2016-02, Leases, which establishes a comprehensive lease standard under generally accepted accounting principles for virtually all industries. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right of use asset and a lease liability on the balance sheets for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales type leases, direct financing leases and operating leases. The new standard will apply for annual periods beginning after December 15, 2019, including interim periods therein, and requires modified retrospective application. Early adoption is permitted. In June 2020, the FASB issued ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), which defers the effective date of ASU 2016-02, until annual periods beginning after December 15, 2021. Management is in the process of evaluating the effects the adoption of this update may have on the financial statements.

C. Net Assets with Donor Restrictions are Available for the Following Purposes or Periods:

At December 31, 2021 and 2020, net assets with donor restrictions consisted of the following:

| | <u>December 31</u> | |
|----------------------|--------------------|------------------|
| | <u>2021</u> | <u>2020</u> |
| Specific purpose | \$ 80,000 | \$ - |
| St. Augustine office | - | 68,140 |
| | <u>\$ 80,000</u> | <u>\$ 68,140</u> |

OPERATION NEW HOPE, INC.
(A Not-For-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020
(continued)

D. Liquidity and Availability of Financial Assets:

It is the policy of the Organization to manage its financial assets, so they are available when needed to meet its general expenditures, liabilities and other obligations as they become due.

The Organization's financial assets available within one year from the statement of Financial position date available for general expenditures are:

| | December 31 | |
|---|--------------------|--------------|
| | 2021 | 2020 |
| Cash and cash equivalents | \$ 2,782,145 | \$ 2,317,436 |
| Accounts receivable | 963,327 | 563,226 |
| Financial assets at year-end | 3,745,472 | 2,880,662 |
| Less those unavailable for general expenditures within one year, due to: | | |
| Restricted by donors with purpose restrictions | 80,000 | 68,140 |
| Financial assets available to meet cash needs for general expenditure within one year | \$ 3,665,472 | \$ 2,812,522 |

E. Assets Released from Donor Restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets released from donor restrictions amounted to \$350,600 and \$593,675 for the year ending December 31, 2021 and 2020, respectively.

F. Property and Equipment:

Property and equipment consist of the following:

| | December 31 | |
|------------------------------|--------------------|-------------|
| | 2021 | 2020 |
| Land and improvements | \$ 265,839 | \$ 265,839 |
| Building and improvements | 705,539 | 699,713 |
| Furniture and fixtures | 1,537,751 | 1,509,540 |
| Vehicles | 137,140 | 61,144 |
| | 2,646,269 | 2,536,236 |
| Accumulated depreciation | (1,943,304) | (1,852,633) |
| Total property and equipment | \$ 702,965 | \$ 683,603 |

Depreciation expense for the years ended December 31, 2021 and 2020 was \$139,049 and \$218,096, respectively.

OPERATION NEW HOPE, INC.
(A Not-For-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020
(continued)

G. Notes Payable:

| | 2021 | 2020 |
|---|----------------------------|----------------------------|
| Note payable to a bank in the amount of \$302,724. This note bears interest at 5.58% at December 31, 2021, is due in monthly installments of \$3,303, and matures in June 2024. The note is secured by a mortgage. A balloon payment in the amount of \$173,557 is due at maturity. The note contains various default provisions and negative covenants. The Organization was in compliance with these covenants as of December 31, 2021. | \$ 237,308 | \$ 262,771 |
| Note payable to a bank in the amount of \$48,106. This note bears interest at 5.58% at December 31, 2021, is due in monthly installments of \$524 and matures in June 2024. The note is secured by a mortgage. A balloon payment in the amount of \$27,528 is due at maturity. The note contains various default provisions and negative covenants. The Organization was in compliance with these covenants as of December 31, 2021. | 37,904 | 41,938 |
| Less, Current Portion | 275,212 <u>(31,154)</u> | 304,709 <u>(29,643)</u> |
| Net, Long-Term Debt | <u>\$ 244,058</u> | <u>\$ 275,066</u> |

Maturities on the above notes payable are payable as follows:

| <u>December 31</u> | <u>Amount</u> |
|--------------------|-------------------|
| 2022 | \$ 31,154 |
| 2023 | 32,960 |
| 2024 | <u>211,098</u> |
| Total | <u>\$ 275,212</u> |

H. Employee Benefit Plan:

The Organization established a 403(b) plan (the "Plan") whereby employees may elect to make contributions pursuant to a salary reduction agreement upon meeting age and length of service requirements. Under the Plan, employees may contribute an amount not to exceed the limit imposed by the Internal Revenue Service. The Organization may elect to make a discretionary profit-sharing contribution to the Plan. Employer contributions to the Plan were \$32,841 and \$33,068 at December 31, 2021 and 2020, respectively.

OPERATION NEW HOPE, INC.
(A Not-For-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020
(continued)

I. Covid-19 and Paycheck Protection Program Loan:

The novel strain of the coronavirus (Covid-19) in the United States has caused widespread economic disruptions in nearly every sector of the economy. In order to alleviate some of the financial hardships associated with the disease, a Paycheck Protection Program (PPP) loan was created by the federal government under the CARES act. The Organization took part in the PPP and received a loan of \$419,600 on April 30, 2020. The term of the Loan is 2 years bearing interest at 1.0% per annum. The Loan contains provisions favorable to the Organization including, but not limited to, no payments are due under the Loan until after a 6-month deferment period, borrower fees, lender fees and prepayment fees have been waived and further, the Organization can be eligible for loan forgiveness equal to the total amount paid for payroll costs, rent and utility costs as defined under the Act. On November 3, 2020 the Organization was notified by the lenders that this loan had been forgiven in full. In February of 2021, the Organization applied for and received a second draw from PPP for \$461,570 under essentially the same terms as the first draw, which was forgiven effective December 7, 2021.

J. Concentrations of Revenue:

For the years ended December 31, 2021 and 2020, 70% and 47%, respectively, of unrestricted revenue was provided by governmental sources.

K. Reclassifications:

Certain accounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation, with no effect on total net assets as previously reported.

L. Subsequent Events:

In preparing these financial statements, the Organization evaluated subsequent events and transactions for potential recognition or disclosure through April 11, 2022, the date the financial statements were available to be issued.

ADDITIONAL INFORMATION

OPERATION NEW HOPE, INC.
(A Not-For-Profit Organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS
Year Ended December 31, 2021

| Federal/State Grantor/Pass-Through Grantor/Federal Program/State Project | Grant Period | CFDA/ CSFA Number | Contract/ Grant Number | Award Amount | <u>Expenditures</u> |
|---|------------------|-------------------------|--------------------------------------|-----------------|---------------------|
| <u>FEDERAL PROGRAMS:</u> | | | | | |
| U.S. Department of Labor: | | | | | |
| Training to Work 3 - Adult Reentry | 7/1/18 - 9/30/21 | 17.270 | PE-32144-18-60-A-12 | 1,500,000 | \$ 78,908 |
| | | | Total Expenditures of Federal Awards | | 78,908 |
| <u>STATE PROJECTS:</u> | | | | | |
| Florida Department of Corrections: | | | | | |
| Transitional Services - Post Release | 7/1/21 - 6/30/22 | 70.011 | B96D8E | 2,725,000 | 1,844,165 |
| Transitional Services - Post Release | 7/1/20 - 6/30/21 | 70.011 | B7863E | 2,561,500 | 1,577,365 |
| | | | Total Expenditures of State Projects | | 3,421,530 |
| Total Expenditures of Federal Awards and State Projects | | | | | \$ 3,500,438 |

OPERATION NEW HOPE, INC,
(A Not-For-Profit Organization)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS
Year Ended December 31, 2021

A. Basis of Presentation:

The accompanying schedule of expenditures of federal awards and state funding(the Schedule) includes the federal, state and local award activity of Operation New Hope, Inc.. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Operation New Hope, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

B. Summary of Significant Accounting Policies:

- a. Expenditures reported on the Schedule are reported on an 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.
- b. Pass-through entity identifying numbers are presented where available.
- c. The Organization has elected to use the ten percent de minimis indirect rate allowed under the Uniform Guidance.

OPERATION NEW HOPE, INC.
(A Not-For-Profit Organization)

SCHEDULE OF SOURCE AND EXPENDITURE OF CITY GRANT FUNDS
PER ORDINANCE CODE CHAPTER 118.205(e)
For the Year Ended December 31, 2021

Receipt of City Funds:

| | City FY 2021- 2022 Grant # 631863-22 | City FY 2020- 2021 Grant # 615084-21 |
|--|--|--|
| Amount of Award, as Amended | \$ 600,000 | \$ 400,000 |
| Actual Funds Received from City in Last Audit Period(s) | - | (4,378) |
| Actual Amount Received this Period | <u>-</u> | <u>(395,622)</u> |
| Amount Remaining to be Distributed | <u>\$ 600,000</u> | <u>\$ -</u> |

Expenditures of City Funds:

City FY 2021-2022 Grant # 631863-22

| <u>Item</u> | (Unaudited) Original Budget | Actual 10/1/2021 - 12/31/21 | Actual 1/1/2022 - 9/30/2022 | Remaining Balance |
|------------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------------------|
| Direct client expenses | \$ 600,000 | \$ 83,696 | \$ - | \$ 516,304 |
| Total | <u>\$ 600,000</u> | <u>\$ 83,696</u> | <u>\$ -</u> | <u>\$ 516,304</u> |

City FY 2020-2021 Grant # 615804-21

| <u>Item</u> | (Unaudited) Original Budget | Actual 10/1/2020 - 12/31/20 | Actual 1/1/2021 - 9/30/2021 | Remaining Balance |
|------------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------------------|
| Direct client expenses | \$ 400,000 | \$ 42,975 | \$ 357,025 | \$ - |
| Total | <u>\$ 400,000</u> | <u>\$ 42,975</u> | <u>\$ 357,025</u> | <u>\$ -</u> |

OPERATION NEW HOPE, INC,
(A Not-For-Profit Organization)

NOTES TO SCHEDULE OF SOURCE AND EXPENDITURES OF CITY GRANT FUNDS
Year Ended December 31, 2021

Basis of Presentation:

The accompanying schedule of source and expenditures of city grant funds includes grant activity related to funding from various departments within the City of Jacksonville.

The information in this schedule is presented in accordance with the requirements of Ordinance Code Chapter 118.202(e) of the City of Jacksonville, Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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
Operation New Hope, Inc.
Jacksonville, 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 Operation New Hope, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 11, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Operation New Hope, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Operation New Hope, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Operation New 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in blue ink that reads "Masters, Smith & Wisby P.A." is centered on the page.

Certified Public Accountants
Jacksonville, Florida

April 11, 2022



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

Board of Directors
Operation New Hope, Inc
Jacksonville, Florida

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Operation New Hope, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the in the Department of financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of Operation New Hope, Inc.'s major state projects for the year ended December 31, 2021. Operation New Hope, Inc.'s major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Operation New Hope, 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 state projects for the year ended December 31, 2021.

Basis for Opinion on Each Major State Project

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 Auditor General. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Operation New Hope, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of Operation New Hope, Inc.'s compliance with the compliance requirements referred to above

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Operation New Hope, Inc.'s state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Operation New Hope, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Operation New Hope, Inc.'s compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Operation New Hope, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Operation New Hope, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Operation New Hope, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in blue ink that reads "Masters, Smith & Wisby P.A." is centered on the page.

Certified Public Accountants
Jacksonville, Florida

April 11, 2022

OPERATION NEW HOPE, INC.
(A Not-For-Profit Organization)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2021

Section 1 - Summary of Auditor's Results

Financial Statements

| | | | | |
|---|------------|-----|---------------|----|
| Type of auditor's report issued: | Unmodified | | | |
| Internal control over financial reporting: | | | | |
| Material weakness(es) identified? | _____ | Yes | _____ X _____ | No |
| Significant deficiency(ies) identified? | _____ | Yes | _____ X _____ | No |
| Noncompliance material to financial statements noted? | _____ | Yes | _____ X _____ | No |

Federal Awards and State Projects

| | | | | |
|---|-------|-----|---------------|----|
| Internal control over major programs: | | | | |
| Material weakness(es) identified? | _____ | Yes | _____ X _____ | No |
| Significant deficiency(ies) identified? | _____ | Yes | _____ X _____ | No |

| | | | | |
|---|-------|-----|---------------|----|
| <i>Unmodified</i> auditor's report issued on compliance for major programs: | | | | |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516? or Chapter 10.650 | _____ | Yes | _____ X _____ | No |

Identification of major programs:

| | |
|-----------------------------------|-----------------|
| <u>Federal Program or Cluster</u> | <u>CFDA #'s</u> |
| N/A for 2021 | |

| | |
|--|-----------------------|
| <u>State Program or Cluster</u> | <u>State CFDA #'s</u> |
| Florida Department of Corrections: Transitional Services - Post Release | 70.011 |

| | |
|---|------------|
| Dollar threshold used to distinguish between type A and type B programs - Federal Programs: | \$ 750,000 |
|---|------------|

| | |
|---|------------|
| Dollar threshold used to distinguish between type A and type B programs - State Projects: | \$ 750,000 |
|---|------------|

| | | | | |
|--|---------------|-----|-------|----|
| Auditee qualified as low risk auditee? | _____ X _____ | Yes | _____ | No |
|--|---------------|-----|-------|----|

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Summary Schedule of Prior Audit Findings

None

Section V - Corrective Action Plan

None

No management letter is required because there were no findings to be reported.