

# **One Hope United**

Financial and Single Audit Report  
(Including State of Florida Projects)  
June 30, 2023

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## Independent Auditor's Report

Board of Directors  
One Hope United

### Report on the Financial Statements

#### **Opinion**

We have audited the financial statements of One Hope United (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 opinion.

#### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Organization adopted Accounting Standards Update 2016-02, *Leases (Topic 842)*, effective July 1, 2022. Our opinion is not modified with respect to this matter.

#### **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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued or 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2024, on our consideration of the Organization'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 Organization'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 the Organization's internal control over financial reporting and compliance.

***RSM US LLP***

Chicago, Illinois  
April 1, 2024

## One Hope United

### Statements of Financial Position June 30, 2023 and 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash	\$ 5,802,857	\$ 17,437,157
Accounts receivable, less allowances for doubtful accounts of \$995,971 in 2023 and \$759,729 in 2022	13,666,899	9,678,499
Other current assets	1,474,886	1,282,280
<b>Total current assets</b>	<b>20,944,642</b>	<b>28,397,936</b>
Property and equipment:		
Land and buildings	19,138,166	19,096,263
Building improvements	4,800,562	4,715,583
Furniture and equipment	2,672,036	2,407,997
Vehicles	493,814	450,601
Leasehold improvements	233,168	227,952
Construction in progress	488,284	468,977
	<b>27,826,030</b>	<b>27,367,373</b>
Less accumulated depreciation	15,447,101	14,434,043
<b>Total property and equipment</b>	<b>12,378,929</b>	<b>12,933,330</b>
Long-term assets:		
Investments in securities	22,585,114	12,077,180
Investments in farm land	-	3,997,840
Beneficial interest in perpetual trusts	3,252,016	3,530,167
Operating lease right-of-use assets, net	4,316,382	-
<b>Total long-term assets</b>	<b>30,153,512</b>	<b>19,605,187</b>
	<b>\$ 63,477,083</b>	<b>\$ 60,936,453</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 2,207,499	\$ 2,745,190
Accrued expenses	4,399,928	4,414,162
Deferred revenue	7,487,993	7,615,004
Current portion of operating lease liabilities	1,231,429	-
<b>Total current liabilities</b>	<b>15,326,849</b>	<b>14,774,356</b>
Long-term liabilities:		
Paycheck Protection Program loan payable	-	7,402,408
Operating lease liabilities, less current portion	3,123,600	-
<b>Total long-term liabilities</b>	<b>3,123,600</b>	<b>7,402,408</b>
	<b>18,450,449</b>	<b>22,176,764</b>
Net assets:		
Without donor restrictions:		
Undesignated	36,096,739	34,973,621
Board-designated endowment	5,408,723	-
With donor restrictions	3,521,172	3,786,068
<b>Total net assets</b>	<b>45,026,634</b>	<b>38,759,689</b>
	<b>\$ 63,477,083</b>	<b>\$ 60,936,453</b>

See notes to financial statements.

## One Hope United

### Statements of Activities Years Ended June 30, 2023 and 2022

	2023	2022
Changes in net assets without donor restrictions:		
Revenues:		
Program support:		
Government sources	\$ 46,032,324	\$ 42,017,688
Private sources	19,900,908	13,572,740
Program service fees	653,812	846,516
<b>Total program support</b>	<b>66,587,044</b>	<b>56,436,944</b>
Public support:		
Contributions and bequests	865,542	952,912
In-kind contributions	72,868	20,069
Net assets released from restrictions	44,820	116,955
<b>Total public support</b>	<b>983,230</b>	<b>1,089,936</b>
Investment gains (losses)	2,870,284	(1,079,269)
Forgiveness of Paycheck Protection Program loan	7,393,304	-
Other sources	432,628	3,317,427
<b>Total revenues</b>	<b>78,266,490</b>	<b>59,765,038</b>
Expenses:		
Program services	64,602,635	54,157,707
General fundraising	854,986	723,367
Management and general	6,277,028	7,739,675
<b>Total expenses</b>	<b>71,734,649</b>	<b>62,620,749</b>
<b>Change in net assets without donor restrictions</b>	<b>6,531,841</b>	<b>(2,855,711)</b>
Changes in net assets with donor restrictions:		
Contributions	58,075	52,320
Change in value of beneficial interest in perpetual trusts	(278,151)	605,760
Net assets released from restrictions	(44,820)	(116,955)
<b>Change in net assets with donor restrictions</b>	<b>(264,896)</b>	<b>541,125</b>
<b>Change in net assets</b>	<b>6,266,945</b>	<b>(2,314,586)</b>
Net assets:		
Beginning	38,759,689	41,074,275
Ending	<b>\$ 45,026,634</b>	<b>\$ 38,759,689</b>

See notes to financial statements.

**One Hope United**

**Statement of Functional Expenses  
Year Ended June 30, 2023**

	Program Services			
	Early Learning and Child Development	Placement Services	Community- Based Family Support Services	Total Program Services
Expenses:				
Salaries	\$ 6,323,769	\$ 17,585,504	\$ 14,200,104	\$ 38,109,377
Salary-related expenses	1,443,845	4,065,821	3,198,172	8,707,838
<b>Total salaries and related expenses</b>	<b>7,767,614</b>	<b>21,651,325</b>	<b>17,398,276</b>	<b>46,817,215</b>
Professional liability insurance	44,733	91,338	77,691	213,762
Bad debt provision	24,000	136,567	129,600	290,167
Professional fees and contract services	273,520	1,445,179	455,502	2,174,201
Legal fees	220	24,256	37,198	61,674
Audit fees	-	-	-	-
Supplies	1,226,146	853,444	148,166	2,227,756
Telephone	57,093	282,323	218,075	557,491
Postage and shipping	1,347	12,280	15,534	29,161
Rent	322,059	556,077	850,034	1,728,170
Other occupancy	795,545	606,943	189,720	1,592,208
Local transportation	50,539	1,026,741	1,210,936	2,288,216
Conferences, meetings and seminars	89,278	71,024	58,011	218,313
Specific assistance to individuals	68,803	1,101,098	3,500,856	4,670,757
Membership dues	49,309	19,015	2,101	70,425
Equipment purchases	89,902	295,377	122,890	508,169
Equipment rentals	15,313	11,502	12,362	39,177
In-kind contributions	-	10,683	12,185	22,868
Printing	860	2,333	5,077	8,270
Miscellaneous	16,205	80,826	5,602	102,633
<b>Total expenses before depreciation</b>	<b>10,892,486</b>	<b>28,278,331</b>	<b>24,449,816</b>	<b>63,620,633</b>
Depreciation	557,444	348,536	76,022	982,002
<b>Total expenses</b>	<b>\$ 11,449,930</b>	<b>\$ 28,626,867</b>	<b>\$ 24,525,838</b>	<b>\$ 64,602,635</b>

(Continued)

**One Hope United**

**Statement of Functional Expenses (Continued)**  
**Year Ended June 30, 2023**

	General Fundraising	Management and General	Totals
Expenses:			
Salaries	\$ 379,019	\$ 2,320,525	\$40,808,921
Salary-related expenses	84,548	515,432	9,307,818
<b>Total salaries and related expenses</b>	<b>463,567</b>	<b>2,835,957</b>	<b>50,116,739</b>
Professional liability insurance	-	166	213,928
Bad debt provision	-	-	290,167
Professional fees and contract services	134,316	2,299,186	4,607,703
Legal fees	1,008	166,748	229,430
Audit fees	-	106,699	106,699
Supplies	5,492	35,697	2,268,945
Telephone	1,386	21,755	580,632
Postage and shipping	158	23,423	52,742
Rent	(102)	263,625	1,991,693
Other occupancy	41,330	7,162	1,640,700
Local transportation	18,516	135,207	2,441,939
Conferences, meetings and seminars	7,356	100,421	326,090
Specific assistance to individuals	1,878	8,777	4,681,412
Membership dues	35,281	92,092	197,798
Equipment purchases	3,359	97,920	609,448
Equipment rentals	2,383	3,847	45,407
In-kind contributions	50,000	-	72,868
Printing	7,933	6,374	22,577
Miscellaneous	66,339	55,702	224,674
<b>Total expenses before depreciation</b>	<b>840,200</b>	<b>6,260,758</b>	<b>70,721,591</b>
Depreciation	14,786	16,270	1,013,058
<b>Total expenses</b>	<b>\$ 854,986</b>	<b>\$ 6,277,028</b>	<b>\$71,734,649</b>

See notes to financial statements.



**One Hope United**

**Statement of Functional Expenses  
Year Ended June 30, 2022**

	Program Services			
	Early Learning and Child Development	Placement Services	Community- Based Family Support Services	Total Program Services
Expenses:				
Salaries	\$ 5,776,127	\$ 13,615,282	\$ 12,892,870	\$ 32,284,279
Salary-related expenses	1,189,951	2,777,057	2,502,745	6,469,753
<b>Total salaries and related expenses</b>	<b>6,966,078</b>	<b>16,392,339</b>	<b>15,395,615</b>	<b>38,754,032</b>
Professional liability insurance	50,703	102,843	80,990	234,536
Bad debt provision	15,622	141,038	169,533	326,193
Professional fees and contract services	91,226	246,516	421,086	758,828
Legal fees	70,848	15,432	26,331	112,611
Audit fees	-	-	-	-
Interest	-	-	79	79
Supplies	909,317	487,340	107,474	1,504,131
Telephone	50,431	222,799	237,098	510,328
Postage and shipping	1,099	10,362	13,653	25,114
Rent	789,111	336,726	804,374	1,930,211
Other occupancy	969,491	654,931	228,552	1,852,974
Local transportation	27,420	746,188	1,056,086	1,829,694
Conferences, meetings and seminars	43,880	107,136	65,781	216,797
Specific assistance to individuals	17,081	790,662	3,511,770	4,319,513
Membership dues	1,842	20,558	2,990	25,390
Equipment purchases	36,572	270,646	156,024	463,242
Equipment rentals	24,480	21,419	16,629	62,528
In-kind contributions	400	17,943	1,726	20,069
Printing	21,362	4,294	2,211	27,867
Miscellaneous	48,492	47,520	23,788	119,800
<b>Total expenses before depreciation</b>	<b>10,135,455</b>	<b>20,636,692</b>	<b>22,321,790</b>	<b>53,093,937</b>
Depreciation	621,595	364,781	77,394	1,063,770
<b>Total expenses</b>	<b>\$ 10,757,050</b>	<b>\$ 21,001,473</b>	<b>\$ 22,399,184</b>	<b>\$ 54,157,707</b>

(Continued)

**One Hope United**

**Statement of Functional Expenses (Continued)  
Year Ended June 30, 2022**

	General Fundraising	Management and General	Totals
Expenses:			
Salaries	\$ 333,576	\$ 3,144,696	\$35,762,551
Salary-related expenses	74,580	1,753,020	8,297,353
<b>Total salaries and related expenses</b>	<b>408,156</b>	<b>4,897,716</b>	<b>44,059,904</b>
Professional liability insurance	-	-	234,536
Bad debt provision	-	(1)	326,192
Professional fees and contract services	113,773	1,782,649	2,655,250
Legal fees	-	117,104	229,715
Audit fees	-	105,261	105,261
Interest	-	10,500	10,579
Supplies	7,405	75,417	1,586,953
Telephone	2,344	23,500	536,172
Postage and shipping	380	24,620	50,114
Rent	-	246,460	2,176,671
Other occupancy	13,110	22,427	1,888,511
Local transportation	8,942	156,146	1,994,782
Conferences, meetings and seminars	844	13,957	231,598
Specific assistance to individuals	1,699	-	4,321,212
Membership dues	199	60,763	86,352
Equipment purchases	6,047	148,131	617,420
Equipment rentals	1,419	3,301	67,248
In-kind contributions	-	-	20,069
Printing	2,849	9,389	40,105
Miscellaneous	156,001	28,393	304,194
<b>Total expenses before depreciation</b>	<b>723,168</b>	<b>7,725,733</b>	<b>61,542,838</b>
Depreciation	199	13,942	1,077,911
<b>Total expenses</b>	<b>\$ 723,367</b>	<b>\$ 7,739,675</b>	<b>\$62,620,749</b>

See notes to financial statements.

## One Hope United

### Statements of Cash Flows Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 6,266,945	\$ (2,314,586)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,013,058	1,077,911
Bad debt provision	290,167	326,192
Net realized and unrealized (gain) loss on investments	(766,598)	2,069,827
Realized and unrealized gains on investments in farm land	(1,560,268)	(693,840)
Change in value of beneficial interest in perpetual trusts	278,151	(605,760)
Forgiveness of Paycheck Protection Program loan	(7,393,304)	-
Changes in:		
Accounts receivable	(4,278,567)	(2,933,182)
Other assets	(192,606)	48,728
Operating lease assets and liabilities	38,647	-
Accounts payable and accrued expenses	(551,925)	1,035,892
Deferred revenue	(127,011)	2,571,165
<b>Net cash (used in) provided by operating activities</b>	<b>(6,983,311)</b>	<b>582,347</b>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments in securities	1,562,430	2,226,785
Purchases of investments in securities	(11,303,766)	(2,267,895)
Proceeds from sale of investments in farm land	5,558,108	-
Purchases of property and equipment	(458,657)	(943,149)
Proceeds from note receivable	-	154
<b>Net cash used in investing activities</b>	<b>(4,641,885)</b>	<b>(984,105)</b>
Cash flows from financing activities:		
Repayment of Paycheck Protection Program loan	(9,104)	-
<b>Net cash used in financing activities</b>	<b>(9,104)</b>	<b>-</b>
<b>Net decrease in cash</b>	<b>(11,634,300)</b>	<b>(401,758)</b>
Cash:		
Beginning	17,437,157	17,838,915
Ending	\$ 5,802,857	\$ 17,437,157
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ -	\$ 10,579
Supplemental disclosure of noncash operating activities:		
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$ 996,882	\$ -
Supplemental disclosure of noncash financing activities:		
Forgiveness of Paycheck Protection Program loan	\$ 7,393,304	\$ -

See notes to financial statements.

## One Hope United

### Notes to Financial Statements

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#### **Note 1. Nature of Organization and Significant Accounting Policies**

One Hope United (OHU) is an Illinois not-for-profit organization which is exempt from payment of income taxes under Section 501(c)(3) of the Internal Revenue Code. OHU's primary purpose is to respond to the unmet needs of children and families by operating social welfare programs which offer services in the areas of child development, placement, prevention, family preservation, counseling and youth services.

**Accounting policies:** OHU follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial condition, results of activities, and cash flows. References to accounting principles generally accepted in the United States (U.S. GAAP) in these notes are to the FASB Accounting Standards Codification, sometimes referred to as the Codification or ASC.

**Accounting estimates:** The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Revenue recognition and deferred revenue:** The majority of funding for OHU operations is provided by grants from governmental and private agencies. Grants are primarily conditional contributions which are recognized when the barriers have been substantially met (generally when qualifying expenses have been incurred and all other grant requirements have been met). At June 30, 2023 and 2022, OHU had \$7,487,993 and \$7,615,004, respectively, of grant funding received in advance, for which qualifying expenses had not been incurred by year-end. These amounts are classified as deferred revenue on the statements of financial position. OHU also has conditional promises to give, representing grant funding committed to OHU, but not yet expended or received, amounting to \$1,194,185 and \$1,104,161, as of June 30, 2023 and 2022, respectively, which has not been recognized. These amounts will be recognized as revenue as OHU incurs qualifying expenses and performs its duties under the terms of the grant agreements.

Program service fees represent day care services and early learning curriculums at OHU's early learning centers. OHU recognizes revenue for program service fees based on the satisfaction of performance obligations in the month services are provided. Program service fees do not include significant financing components as performance obligations are generally satisfied in the same month as the receipt of payment. In addition, there is no consideration that is variable. Payments received in advance of OHU satisfying its performance obligations are recorded as deferred revenue. At June 30, 2023 and 2022, there was no deferred revenue recorded in connection with exchange transactions.

Contribution revenue and other support are recognized when an unconditional promise to give is made or when cash is received if an unconditional promise does not exist. Contributions include bequests, which are recognized as revenue when OHU has an irrevocable right to the gift, such as when the bequest has been through probate and declared valid.

**Accounts receivable:** Accounts receivable are primarily uncollateralized obligations of the State of Illinois and other grantors. These receivables are stated at the amounts billed and do not accrue interest. Payments of accounts receivable are allocated to specific invoices identified on the remittance advices or, if unspecified, are applied to the oldest unpaid invoices. The carrying amount of accounts receivable is reduced by a valuation allowance that is adjusted as information about specific accounts becomes available and as accounts reach six months or older as of year-end. OHU also compares current allowance amounts to prior-year collections or write-off experience.

## One Hope United

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Investments:** Investments are recorded at fair value. Realized gains and losses from sales of investments are determined using the average cost method. Investments are classified as current or long-term based on intended use.

**Functional expenses:** Expenses are presented in the statements of activities on a functional basis, classified according to the significant program activity or supporting service. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses (which are allocated on the basis of actual time and effort), insurance, occupancy and related expenses, and telephone, which are allocated by department headcounts.

**Property and equipment:** Property and equipment are recorded at cost. The cost of an asset is capitalized at the time it is acquired if it exceeds \$5,000. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from three to 30 years.

**Leases:** Prior to July 1, 2022, OHU followed the lease accounting guidance in FASB ASC Topic 840. Effective July 1, 2022, OHU follows the lease accounting guidance in FASB ASC Topic 842. OHU determines if an arrangement is a lease at inception of the contract. Under Topic 842, a lease is a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. OHU's contracts determined to be or contain a lease include explicitly or implicitly identified assets where OHU has the right to obtain substantially all of the economic benefits of the assets and has the ability to direct how and for what purpose the assets are used during the lease term.

Leases are classified as either operating or finance. For both operating and finance leases, OHU recognizes a lease liability equal to the present value of the remaining lease payments, and a right-of-use asset equal to the lease liability, subject to certain adjustments, such as for prepaid rents. The lease term may include options to extend or terminate the lease when it is reasonably certain that OHU will exercise such option. When the interest rate implicit in the lease is not readily determinable, OHU has made a policy election to use a risk-free rate, based on United States Treasury rates, to determine the present value of the lease payments for all classes of assets.

OHU defines a short-term lease as any lease arrangement with an original lease term of twelve months or less that does not include an option to purchase the underlying asset. OHU has made a policy election to not recognize right-of-use assets and lease liabilities for short-term leases. As a result, short-term lease payments are recognized as expense on a straight-line basis over the lease term, and variable lease payments are recognized in the period in which the obligation is incurred.

Operating leases result in a straight-line lease expense, while finance leases result in a front-loaded expense pattern. OHU's lease agreements do not contain any residual value guarantees or restrictive covenants.

**In-kind contributions:** OHU received contributions of services from outside corporations, organizations, and individuals, including space, food and various goods, in the amount of \$72,868 and \$20,069 during the years ended June 30, 2023 and 2022, respectively. The receipt and subsequent distribution of these goods and services are shown as revenue and expenses in the statements of activities. OHU estimates the fair value based on estimates of wholesale values that would be received for selling similar products or services.

## One Hope United

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of OHU management and the board of directors. The board of directors has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions may expire either because of the passage of time or because OHU has fulfilled the restriction. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the principal must remain intact. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**Concentration of credit risk:** OHU maintains cash accounts at several commercial banks. The amount on deposit customarily exceeds the insurance limits of the Federal Deposit Insurance Corporation. OHU has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

**Income taxes:** OHU is exempt from federal income taxes under IRC Section 501(c)(3). OHU files Form 990 in the U.S. federal jurisdiction and Form AG 990-IL in the State of Illinois.

The accounting standard for uncertainty in income taxes addresses the determination of whether tax benefits claimed on a tax return should be recorded in the financial statements. Under this guidance, OHU may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of OHU and the various positions related to the potential sources of unrelated business taxable income (UBIT). OHU has determined that there were no uncertain tax positions during the reported periods covered by these financial statements.

**Adopted accounting pronouncement:** In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), to increase transparency and comparability among organizations related to their leasing arrangements. This comprehensive new standard amends and supersedes existing lease accounting guidance and is intended to increase transparency and comparability among organizations by recognizing right-of-use (ROU) lease assets and lease liabilities on the statement of financial position and requiring disclosure of key information about leasing arrangements. Lease expense continues to be recognized in a manner similar to legacy U.S. GAAP. OHU adopted the new lease standard on July 1, 2022 using the optional transition method to the modified retrospective approach. Under this transition provision, results for reporting periods beginning on July 1, 2022 are presented under Topic 842, while prior period amounts continue to be reported and disclosed in accordance with OHU's historical accounting treatment under ASC Topic 840, *Leases*.

To reduce the burden of adoption and ongoing compliance with Topic 842, a number of practical expedients and policy elections are available under the new guidance. OHU elected the "package of practical expedients" permitted under the transition guidance, which among other things, did not require reassessment of whether contracts entered into prior to adoption are or contain leases, and allowed carryforward of the historical lease classification for existing leases. OHU has not elected the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term at adoption on July 1, 2022.

## One Hope United

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

OHU made an accounting policy election under Topic 842 not to recognize right-of-use (ROU) assets and lease liabilities for leases with a term of twelve months or less. For all other leases, OHU recognizes ROU assets and lease liabilities based on the present value of lease payments over the lease term at the commencement date of the lease (or July 1, 2022 for existing leases upon the adoption of Topic 842). To determine the present value of lease payments, OHU made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate for all leases, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index). Subsequent changes to an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Payments for terminating the lease and residual value guarantees are included in the lease payments only when it is probable, they will be incurred.

OHU's leases may include a non-lease component representing additional services transferred to OHU, such as common area maintenance for real estate. OHU made an accounting policy election to account for each separate lease component and the non-lease components associated with that lease component as a single lease component for all asset classes. Non-lease components that are variable in nature are recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of ROU assets and lease liabilities related to OHU's operating leases of approximately \$4,550,000 and \$4,610,000. The adoption of the new lease standard did not materially impact OHU's change in net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

#### Note 2. Accounts Receivable

Accounts receivable as of June 30, 2023 and 2022, net of allowances for doubtful accounts of \$995,971 and \$759,729, respectively, are summarized as follows:

	2023	2022
Supporting agencies:		
DCFS—Illinois	\$ 4,839,379	\$ 4,241,949
DHS—Illinois	3,311,734	1,513,917
Florida case management	2,749,536	1,222,487
Other governmental funding	2,684,807	2,660,366
Other	81,443	39,780
	<u>\$ 13,666,899</u>	<u>\$ 9,678,499</u>

## One Hope United

### Notes to Financial Statements

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#### Note 3. Investment Gains (Losses)

Investment gains (losses) for the years ended June 30, 2023 and 2022, are comprised of the following:

	2023	2022
Interest and dividend income	\$ 543,418	\$ 296,718
Realized and unrealized gains (losses)—securities	766,598	(2,069,827)
Realized and unrealized gains—investments in farm land	1,560,268	693,840
	<u>\$ 2,870,284</u>	<u>\$ (1,079,269)</u>

OHU invests in a portfolio of fixed income securities, mutual funds and common stocks. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

#### Note 4. Fair Value Disclosures

The Fair Value Measurement Topic of the Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the Topic as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the Topic are described below:

**Level 1:** Unadjusted quoted prices in active markets, such as the New York Stock Exchange, for identical assets or liabilities the reporting entity has the ability to access at the measurement date.

**Level 2:** Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies.

**Level 3:** Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

For the years ended June 30, 2023 and 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent. OHU assesses levels of the investments at each measurement date.



## One Hope United

### Notes to Financial Statements

#### Note 4. Fair Value Disclosures (Continued)

The following is a description of the valuation methodologies used for instruments measured at fair value:

**Investments in securities:** The fair value of publicly traded money market funds, equity securities, fixed income funds, and commodities is based upon market quotations of national security exchanges. These financial instruments are classified as Level 1 in the fair value hierarchy. The fair value of the real estate income trust funds is determined using net asset value (NAV) as determined by the fund manager as a practical expedient to fair value. In determining fair value, the fund managers value underlying securities and other financial instruments on a fair value based upon market price, when possible, or based upon other valuation techniques, including appraisals of the underlying properties. The estimated fair values of certain of the investments of the underlying investment entities, which may include derivatives and other investments for which prices are not readily available, may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. Accordingly, the estimate fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

**Investments in farm land:** In March, 2023, OHU sold its investments in farm land for \$5,558,108. At the time of the sale the farm land was valued at \$3,997,840. The gain on the sale of the farm land amounted to \$1,560,268 and is reflected in investment gains on the statement of activities.

**Beneficial interest in perpetual trusts:** The fair value of OHU's beneficial interest in perpetual trusts was provided by the trustee. The trustee determines fair value based on readily available pricing sources for market transactions involving identical assets for securities and based on independent appraisals for farm land. The valuations include certain unobservable inputs and are, therefore, classified as Level 3.

The following tables present the fair value hierarchy for OHU's assets measured at fair value on a recurring basis as of June 30, 2023 and 2022:

Description	June 30, 2023			
	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
Investments in securities:				
Money market funds	\$ 4,125,168	\$ 4,125,168	\$ -	\$ -
Equity securities:				
U.S. small cap	1,180,238	1,180,238	-	-
U.S. mid cap	2,347,271	2,347,271	-	-
U.S. large cap	3,582,995	3,582,995	-	-
International equities	1,273,619	1,273,619	-	-
Emerging markets	1,038,018	1,038,018	-	-
Fixed income securities:				
U.S. fixed income funds	5,036,172	5,036,172	-	-
Non-U.S. fixed income funds	2,649,472	2,649,472	-	-
Tangible assets:				
Commodities	383,930	383,930	-	-
Other funds:		\$ 21,616,883	\$ -	\$ -
Real estate income trust funds measured at NAV	968,231			
	<u>\$ 22,585,114</u>			
Beneficial interest in perpetual trusts	\$ 3,252,016	\$ -	\$ -	\$ 3,252,016

## One Hope United

### Notes to Financial Statements

#### Note 4. Fair Value Disclosures (Continued)

Description	June 30, 2022			
	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Investments in securities:				
Money market funds	\$ 370,520	\$ 370,520	\$ -	\$ -
Equity securities:				
U.S. small cap	999,449	999,449	-	-
U.S. mid cap	1,727,993	1,727,993	-	-
U.S. large cap	3,097,381	3,097,381	-	-
International equities	1,137,916	1,137,916	-	-
Emerging markets	856,457	856,457	-	-
Fixed income securities:				
U.S. fixed income funds	2,378,939	2,378,939	-	-
Non-U.S. fixed income funds	490,409	490,409	-	-
Other funds:		\$ 11,059,064	\$ -	\$ -
Real estate income trust funds measured at NAV	1,018,116			
	<u>\$ 12,077,180</u>			
Investments in farm land	\$ 3,997,840	\$ -	\$ -	\$ 3,997,840
Beneficial interest in perpetual trusts	\$ 3,530,167	\$ -	\$ -	\$ 3,530,167

Certain investments that are measured at fair value using the NAV per share practical expedient have not been categorized in the fair value hierarchy table above. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The following table sets forth the fair value of investments that are measured at NAV per share as a practical expedient:

	2023 Fair value	2022 Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real estate income trust 1 (a)	\$ 529,467	\$ 543,280	\$ -	See below	See below
Real estate income trust 2 (a)	438,764	474,836	-	See below	See below
	<u>\$ 968,231</u>	<u>\$ 1,018,116</u>	<u>\$ -</u>		

- (a) Both of the real estate income trust funds invest in real estate securities on a global basis. Both funds offer a share repurchase plan whereby shareholders may request monthly that the fund repurchase their shares. The fund may choose to repurchase none, or all shares tendered, subject to the repurchase plan caps of 2 percent of monthly NAV or 5 percent of quarterly NAV. Shares tendered for repurchase less than 1 year after purchase will be subject to a redemption fee. Due to the illiquidity of the funds' holdings, the funds may lack sufficient liquidity to repurchase shares tendered and may reject repurchase requests.

## One Hope United

### Notes to Financial Statements

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#### Note 4. Fair Value Disclosures (Continued)

Financial instruments classified as Level 3 in the fair value hierarchy represent OHU's investments in financial instruments in which at least one significant unobservable input is used in the valuation model. The following table presents a reconciliation of activity for the Level 3 financial instruments during the years ended June 30, 2023 and 2022:

	June 30, 2023		June 30, 2022	
	Investments in Farm Land	Beneficial Interest in Perpetual Trusts	Investments in Farm Land	Beneficial Interest in Perpetual Trusts
Balance, beginning of year	\$ 3,997,840	\$ 3,530,167	\$ 3,304,000	\$ 2,924,407
Change in value of perpetual trusts	-	(278,151)	-	605,760
Realized and unrealized gains —investments in farm land	1,560,268	-	693,840	-
Sales	(5,558,108)	-	-	-
Balance, end of year	<u>\$ -</u>	<u>\$ 3,252,016</u>	<u>\$ 3,997,840</u>	<u>\$ 3,530,167</u>

The following table represents OHU's investments in farm land, the valuation techniques used to measure fair value, the significant unobservable inputs, and the ranges of values of those inputs at June 30, 2022:

	June 30, 2022 Fair Value	Valuation Technique	Unobservable Inputs	Range (Per Acre)
Farm land	\$ 3,997,840	Market (comparable sales)	Size Land mixture (e.g. tillable percentage, soil quality) Topography/drainage	\$300 \$250 - \$575 (\$800) - \$800

#### Note 5. Endowment

In March 2023, OHU sold its investments in farm land for \$5,558,108. The proceeds of the sale were invested in securities and designated for endowment by the board of directors. This designation was made at the discretion of the Board and is subject to any conditions or criteria established by the Board. As of June 30, 2023, the endowment included no funds with donor restrictions.

The endowment is intended to provide long-term financial support for OHU's charitable programs and initiatives. OHU foresees the endowment as a means to accept, steward, and maintain all future gifts made in perpetuity to OHU.

The endowment assets are invested in accordance with OHU's investment policies, which have a time horizon in perpetuity and have an objective of capital appreciation and secondary focus of current income through a higher allocation to equities than fixed income and, where appropriate, other asset classes.

As of June 30, 2023, the fair value of the endowment funds is \$5,408,723. OHU recognizes its stewardship responsibilities for the endowment funds and is committed to managing these assets prudently. OHU regularly reviews the performance of the endowment investments, considering market conditions and long-term objectives.

## One Hope United

### Notes to Financial Statements

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#### **Note 5. Endowment (Continued)**

No income was drawn down from the endowment during the year ended June 30, 2023. OHU has developed a spending policy for endowment income to support programs requiring subsidies and fund strategic initiatives, which will be effective beginning in fiscal year 2024. The policy is designed to balance the current needs of OHU with the goal of preserving the purchasing power of the endowment over time.

#### **Note 6. Beneficial Interest in Perpetual Trusts**

OHU has a beneficial interest in two related perpetual trusts. Each trust includes cash and an undivided 75% interest in 360 acres of a parcel of farm land in Illinois. At June 30, 2023 and 2022, cash in both trusts combined was \$102,455 and \$87,892, respectively, and the estimated fair value of the 360 acres of farm land was \$4,233,566 and \$4,618,997, respectively. OHU has a 75% interest in the income from each trust. OHU values its beneficial interest in each perpetual trust based on the fair value of the assets within the trust. OHU's proportionate share of the fair value of the trusts' assets was \$3,252,016 and \$3,530,167 at June 30, 2023 and 2022, respectively. The income from the trusts is not restricted and is to be paid annually. During the years ended June 30, 2023 and 2022, OHU received \$138,841 and \$96,629, respectively, of income from the trusts and these amounts are included in other sources revenues on the statements of activities.

#### **Note 7. Line of Credit**

In July 2021, OHU entered into a \$7,000,000 revolving line of credit. Interest is payable at the Bloomberg short-term bank yield index rate plus 1.5%. Borrowings under the line of credit are collateralized by certain account assets. No amounts were drawn under this line during the years ended June 30, 2023 and 2022.

#### **Note 8. Paycheck Protection Program**

In April 2021, OHU applied for and received a loan in the amount of \$7,402,408 from the Small Business Administration (SBA) under the Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). OHU utilized the loan for payroll, employer contribution to OHU's retirement plan and rent. The loan accrued interest at 1% and matured August 21, 2022.

OHU accounted for the loan as a financial liability under FASB ASC 470, Debt. The loan was eligible for forgiveness if certain employee and compensation levels were maintained.

In August 2022, OHU submitted an application for loan forgiveness and, in October 2022, OHU was informed that the PPP loan has been forgiven in the amount of \$7,393,304 as of August 30, 2022. Such forgiveness has been recognized within the June 30, 2023 financial statements. OHU repaid the remaining \$9,104 that was not forgiven.

#### **Note 9. Net Assets with Donor Restrictions**

Net assets with donor restrictions carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Restrictions may expire either because of the passage of time or because OHU has fulfilled the restriction. Donor-restricted gifts are reported as restricted contributions regardless of when the net assets are expended. Transfers of net assets with donor restrictions associated with current expenditures for which the restrictions have been satisfied, as well as donor changes in the nature of restrictions of net assets, are reported as net assets released from restrictions.

## One Hope United

### Notes to Financial Statements

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#### Note 9. Net Assets with Donor Restrictions (Continued)

Net assets with donor restrictions at June 30, 2023 and 2022, consist of:

	2023	2022
Purpose restricted:		
Educational scholarships	\$ 206,330	\$ 203,580
Other programs	62,826	52,321
Beneficial interest in perpetual trusts	3,252,016	3,530,167
	<u>\$ 3,521,172</u>	<u>\$ 3,786,068</u>

Beneficial interest in perpetual trusts consists of two related perpetual trusts to be held in perpetuity (as described in Note 6). Earnings generated from the perpetual trusts are without donor restrictions.

#### Note 10. Available Resources and Liquidity

OHU regularly monitors liquidity required to meet its annual operating needs and other commitments while also striving to maximize the return on investments of its funds not required for annual operations. As of June 30, 2023 and 2022, the following financial assets were available to meet the annual operating needs of the future fiscal year.

	2023	2022
Financial assets at year-end:		
Cash	\$ 5,802,857	\$ 17,437,157
Accounts receivable, less allowances for doubtful accounts	13,666,899	9,678,499
Investments in securities	22,585,114	12,077,180
Total financial assets	<u>42,054,870</u>	<u>39,192,836</u>
Less amounts not available to be used within one year:		
Cash and investments with donor restrictions	<u>(269,156)</u>	<u>(255,901)</u>
Financial assets not available to be used within one year	<u>(269,156)</u>	<u>(255,901)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 41,785,714</u>	<u>\$ 38,936,935</u>

Investments not subject to donor restrictions or collateral requirements are available to meet general expenditures, but any withdrawals may be subject to approval by the Board. In the years ended June 30, 2023 and 2022, the Board approved spending distributions of 5% of the value of certain investments in securities, which value is calculated on a lagged basis.

#### Note 11. State and Local Government Agency Support

OHU received approximately \$46,032,000 and \$42,018,000 of its support and revenue from the State of Illinois and other governmental agencies during the years ended June 30, 2023 and 2022, respectively. A significant reduction in the level of this support, if it were to occur, could have a significant effect on OHU's programs and activities. A portion of this support is subject to review and final determination by these state and governmental agencies. OHU does not anticipate any significant adjustments upon final review and determination.

## One Hope United

### Notes to Financial Statements

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#### Note 12. Leases

OHU occupies various office and facility space under various leases. Terms of the long-term leases include annual base rents, subject to annual inflationary adjustments, plus certain variable costs. These leases expire at various dates through August 2030.

Certain leases include renewal, termination, or purchase options. Under FASB ASC Topic 842, the lease term at the lease commencement date is determined based on the non-cancellable period for which OHU has the right to use the underlying asset, together with any periods covered by an option to extend the lease if OHU is reasonably certain to exercise that option, periods covered by an option to terminate the lease if OHU is reasonably certain not to exercise that option, and periods covered by an option to extend (or not to terminate) the lease in which the exercise of the option is controlled by the lessor. OHU considered a number of factors when evaluating whether the options in its lease contracts were reasonably certain of exercise, such as length of time before option exercise, expected value of the leased asset at the end of the initial lease term, importance of the leased asset to overall operations, costs to negotiate a new lease, and any contractual or economic penalties.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense for the year ended June 30, 2023 are as follows:

Operating lease cost	\$ 1,359,747
Short-term lease cost	173,771
Variable lease cost	243,411
Total lease cost	<u>\$ 1,776,929</u>

Supplemental lease-related information as of and for the year ended June 30, 2023, is as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 1,378,467
Weighted-average remaining lease term-operating leases	4.43 Years
Weighted-average discount rate-operating leases	3.10%

## One Hope United

### Notes to Financial Statements

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#### Note 12. Leases (Continued)

Future undiscounted cash flows for each of the next five years and thereafter and reconciliation to the lease liability recognized on the statement of financial position as of June 30, 2023, are as follows:

	Operating Leases
Years ending June 30:	
2024	\$ 1,347,571
2025	1,088,694
2026	954,618
2027	519,180
2028	363,563
Remaining	390,637
Total lease payments	4,664,263
Less amount representing interest	(309,234)
	4,355,029
Less current portion	(1,231,429)
Long-term portion	<u>\$ 3,123,600</u>

As of June 30, 2022, future minimum lease commitments, as determined under ASC Topic 840, were as follows:

Years ending June 30:	
2023	\$ 1,517,588
2024	1,252,727
2025	936,209
2026	784,086
2027	338,139
Thereafter	626,574
	<u>\$ 5,455,323</u>

Rental expense under operating leases, as determined under ASC Topic 840, was \$2,176,668 for the year ended June 30, 2022.

#### Note 13. Retirement Plan

OHU employees participate in a 403(b) Plan, which is a defined contribution plan. All OHU employees become eligible to participate in the plan upon hire into the agency.

As of July 1, 2022, OHU contributes 2% of all wages into each employee's account as an employer contribution. Beginning January 1, 2023, OHU modified the vesting for employer contributions to vest ratably over three years.

In October 2021, OHU made a non-elective employer contribution of \$2,000 to each employee who was employed with OHU as of August 31, 2021. This contribution, which totaled \$1,314,000, was funded with proceeds of OHU's Paycheck Protection Program loan.

## One Hope United

### Notes to Financial Statements

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#### Note 14. Related-Party Transactions

OHU is a member of Conscience Community Network LLC (CCN), a member LLC with four other members. OHU has been determined to be the managing member of the LLC under the amended operating agreement dated September 18, 2015. Each member has 20% ownership in CCN. A senior leader of OHU serves as OHU's representative on the board of members.

OHU provides program services to clients on behalf of CCN and is paid accordingly under a service provider agreement between OHU and CCN.

Payments to OHU by CCN for the years ended June 30, 2023 and 2022, are reflected in private sources revenues on the statements of activities and are as follows:

	2023	2022
Service payments	\$ 508,398	\$ 368,845
Administration payments	36,196	47,221
	<u>\$ 544,594</u>	<u>\$ 416,066</u>

Amounts due to OHU from CCN as of June 30, 2023 and 2022, are reflected in accounts receivable on the statements of financial position and are as follows:

	2023	2022
Service payments	\$ 54,374	\$ 65,329
Administration payments	6,012	3,018
	<u>\$ 60,386</u>	<u>\$ 68,347</u>

#### Note 15. Commitments and Contingencies

OHU is involved in various legal proceedings in the normal course of business. OHU has been named as a defendant in a lawsuit. OHU is working with its insurance carrier and attorneys to defend itself from the lawsuit. Although the outcome of this matter cannot be forecast with certainty, OHU management is of the opinion that its final disposition is not expected to have a material adverse effect on OHU's financial position or results of operations.

The SBA may audit whether OHU qualified for the PPP loan and met the conditions necessary for forgiveness of the loan for up to six years after the loan was forgiven. Therefore, it is possible that OHU may have to repay an amount previously forgiven by the SBA.

#### Note 16. Subsequent Events

OHU has evaluated subsequent events for potential recognition and/or disclosure through April 1, 2024, the date the financial statements were available to be issued.



## **Supplementary Information**

# One Hope United

## Schedule of Expenditures of Federal Awards Fiscal Year Ended June 30, 2023

Federal Grantor Program or Cluster Title Pass Through Grantor	Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided To Subrecipients
<b>United States Department of Agriculture</b>				
Child Nutrition Cluster passed through:				
Illinois State Board of Education				
Cash Assistance:				
School Breakfast Program	10.553	34-049-031P-00	\$ 23,567	\$ -
National School Lunch Program	10.555	34-049-031P-00	32,218	-
			<hr/>	<hr/>
Total Child Nutrition Cluster			55,785	-
Child and Adult Care Food Program passed through:				
Illinois State Board of Education	10.558	34-049-031P-00	652,039	-
			<hr/>	<hr/>
<b>Total United States Department of Agriculture</b>			<b>707,824</b>	<b>-</b>
<b>United States Department of Treasury</b>				
COVID-19-Coronavirus State and Local Fiscal Recovery Funds passed through:				
Illinois Department of Human Services	21.027	45CAB04422	90,868	-
Start Early	21.027	2023-77M First Addendum	47,388	-
			<hr/>	<hr/>
<b>Total United States Department of Treasury, ALN 21.027</b>			<b>138,256</b>	<b>-</b>
<b>United States Department of Health and Human Services</b>				
MaryLee Allen Promoting Safe and Stable Families Program passed through:				
Heartland For Children	93.556	SOHCM1	14,689	-
Embrace Families	93.556	OROS 005-2023	77,152	-
ChildNet, Inc	93.556	OHU22FSS	398,664	-
Children's Network of Hillsborough County	93.556	ABA07	1,333	-
Total ALN 93.556			<hr/>	<hr/>
			491,838	-
Temporary Assistance for Needy Families passed through:				
Heartland For Children	93.558	SOHCM1	905,017	-
Embrace Families	93.558	OROS 005-2023	1,065,375	-
Children's Network of Hillsborough County	93.558	ABA07	84,038	-
Total ALN 93.558			<hr/>	<hr/>
			2,054,430	-
Head Start Cluster -				
Head Start passed through:				
Start Early	93.600	05CH011953-OHU22-01	537,562	-
Start Early	93.600	05CH011953-OHUW22-01	503,911	-
Start Early	93.600	05CH011953-OHU23-03	700,238	-
Start Early	93.600	05CH011953-01	182,992	-
Total Head Start Cluster, ALN 93.600			<hr/>	<hr/>
			1,924,703	-
Stephanie Tubbs Jones Child Welfare Services Program passed through:				
Heartland For Children	93.645	SOHCM1	170,332	-
Embrace Families	93.645	OROS 005-2023	197,490	-
Children's Network of Hillsborough County	93.645	ABA07	15,586	-
Total ALN 93.645			<hr/>	<hr/>
			383,408	-
Foster Care-Title IV-E passed through:				
Heartland For Children	93.658	SOHCM1	\$ 1,128,117	\$ -
Embrace Families	93.658	OROS 005-2023	1,350,270	-
ChildNet, Inc.	93.658	OHU22PIL	13,516	-
ChildNet, Inc.	93.658	OHU21FFG	110,418	-
Citrus Family Care Network	93.658	21-38	17,583	-
Children's Network of Hillsborough County	93.658	ABA07	101,096	-
Community Partnership for Children	93.658	D12-22-OHU-FFH	23,482	-
Total ALN 93.658			<hr/>	<hr/>
			2,744,482	-

(Continued)

# One Hope United

## Schedule of Expenditures of Federal Awards (Continued) Fiscal Year Ended June 30, 2023

Federal Grantor Program or Cluster Title Pass Through Grantor	Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided To Subrecipients
Adoption Assistance passed through:				
Heartland For Children	93.659	SOHCM1	326,806	-
Embrace Families	93.659	OROS 005-2023	305,278	-
ChildNet, Inc.	93.659	OHU21FFG	705	-
Children's Network of Hillsborough County	93.659	ABA07	8,174	-
Community Partnership for Children	93.659	D12-22-OHU-FFH	3,297	-
Total ALN 93.659			644,260	-
Social Services Block Grant passed through:				
Illinois Department of Human Services	93.667	FCSBJ00215	183,163	-
Illinois Department of Human Services	93.667	FCSBR04761	58,479	-
Illinois Department of Human Services	93.667	FCSBR04761	312,202	-
OMNI Youth Services	93.667	FCSBR01030	166,381	-
Start Early	93.667	2023-77M	51,625	-
Heartland For Children	93.667	SOHCM1	5,761	-
ChildNet, Inc	93.667	OHU22FSS	16,134	-
ChildNet, Inc	93.667	OHU21FFG	173,581	-
Citrus Family Care Network	93.667	21-38	97,415	-
Embrace Families	93.667	OROS 005-2023	260,772	-
Embrace Families	93.667	OROS 005-2023	25,035	-
Community Partnership for Children	93.667	D12-22-OHU-FFH	21,133	-
Total ALN 93.667			1,371,681	-
Child Abuse and Neglect State Grants passed through:				
Heartland For Children	93.669	SOHCM1	650	-
ChildNet, Inc.	93.669	OHU22FSS	2,179	-
Total ALN 93.669			2,829	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood passed through:				
Heartland For Children	93.674	SOHCM1	90,168	-
Embrace Families	93.674	OROS 005-2023	135,582	-
Total ALN 93.674			225,750	-
Children's Health Insurance Program passed through:				
Illinois Department of Healthcare and Family Services	93.767	55M0000072	4,387	-
Medicaid Cluster - Medical Assistance Program passed through:				
Illinois Department of Healthcare and Family Services	93.778	55M0000072	33,891	-
Block Grants for Community Mental Health Services passed through:				
Illinois Department of Human Services	93.958	45CBB04263	267,049	-
Illinois Department of Human Services	93.958	45CBB04263	400,574	-
Total ALN 93.958			667,623	-
Block Grants for Prevention and Treatment of Substance Abuse passed through:				
Illinois Department of Human Services	93.959	45CBB04263	324,114	-
<b>Total United States Department of Health and Human Services</b>			<b>10,873,396</b>	-
<b>Total Expenditures of Federal Awards</b>			<b>\$ 11,719,476</b>	<b>\$ -</b>

See notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**One Hope United**

**Schedule of Expenditures of State Financial Assistance  
Fiscal Year Ended June 30, 2023**

Grantor Program Title Pass Through Grantor	State CSFA Number	Pass-Through Entity Identifying Number	State Expenditures	Provided To Subrecipients
Florida Department of Children and Families:				
Out-of Home Supports Program passed-through:				
Heartland for Children	60.074	SOHCM1	\$ 64,995	\$ -
ChildNet, Inc	60.074	OHU21FFG	190,841	-
ChildNet, Inc	60.074	OHU22PIL	574,041	-
Citrus Family Care Network	60.074	21-38	123,040	-
Community Partnership for Children	60.074	D12-22-OHU-FFH	553,511	-
Total CSFA 60.074			1,506,428	-
Early Childhood Court Case Management & Prevention Services				
Program passed through:				
Heartland for Children	60.225	SOHCM1	40,130	-
<b>Total Expenditures of State Financial Assistance</b>			<b>\$ 1,546,558</b>	<b>\$ -</b>

See notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

## One Hope United

### Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

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#### **Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance (the Schedules) include the federal award and state financial assistance activity of One Hope United (the Organization) under programs of the federal government and the State of Florida for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Florida Chapter 10.650, *Rules of the Auditor General*. Because the Schedules present only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

#### **Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and cost principles established by the State of Florida Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note 3. Indirect Cost Rate**

The Organization has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

#### **Note 4. Non-Cash Assistance, Insurance, Loans and Loan Guarantees Outstanding**

The Organization did not receive any non-cash assistance during the year ended June 30, 2023. The Organization did not have any federal insurance in effect during the year ended June 30, 2023, nor were there any loans or loan guarantees outstanding at year-end.

**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***

RSM US LLP

**Independent Auditor's Report**

Board of Directors  
One Hope United

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of One Hope United (the Organization), which comprise the statement of financial position as of June 30, 2023, 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 April 1, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

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

*RSM US LLP*

Chicago, Illinois  
April 1, 2024



**Report on Compliance for Each Major Federal Program and State Financial Assistance Project, Report on Internal Control Over Compliance; and Report on the Schedules of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and the State of Florida Chapter 10.650, Rules of the Auditor General**

**Independent Auditor's Report**

Board of Directors  
One Hope United

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

***Opinion on Each Major Federal Program and State Financial Assistance Project***

We have audited One Hope United's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and in the State of Florida's *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs and state financial assistance projects for the year ended June 30, 2023. The Organization's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program and State Financial Assistance Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the State of Florida Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650). Our responsibilities under those standards, the Uniform Guidance and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs and state financial assistance 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 the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program and state financial assistance project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization'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 and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program and state financial assistance 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 federal program and state financial assistance 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 state financial assistance 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 and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and State of Florida Chapter 10.650, *Rules of the Auditor General***

We have audited the financial statements of the Organization as of and for the year ended June 30, 2023, and have issued our report thereon dated April 1, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and the State of Florida Chapter 10.650, *Rules of the Auditor General*, 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 schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

*RSM US LLP*

Chicago, Illinois  
April 1, 2024

**One Hope United**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023**

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**I. Summary of Auditor's Results**

*Financial Statements:*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_ Yes  X  No

Significant deficiency(ies) identified? \_\_\_ Yes  X  None Reported

Noncompliance material to financial statements noted? \_\_\_ Yes  X  No

*Federal Awards:*

Internal control over major federal programs:

Material weakness(es) identified? \_\_\_ Yes  X  No

Significant deficiency(ies) identified? \_\_\_ Yes  X  None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? \_\_\_ Yes  X  No

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.558	Temporary Assistance for Needy Families
93.667	Social Services Block Grant
93.958	Block Grants for Community Mental Health Services

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

Auditee qualified as low risk auditee?  X  Yes \_\_\_ No

**One Hope United**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2023**

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**I. Summary of Auditor’s Results (Continued)**

*State Financial Assistance Projects:*

Internal control over major state projects:

Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
Significant deficiency(ies) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	None Reported

Type of auditor’s report issued on compliance for major state financial assistance projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with State of Florida Chapter 10.650, *Rules of the Auditor General*?  Yes  No

Identification of major state projects:

<u>Catalog of State Financial Assistance (CSFA) Number(s)</u>	<u>Name of State Financial Assistance Project</u>
60.074	Out-of-Home Supports Program

Dollar threshold used to distinguish between type A and type B state financial assistance projects: \$463,967

**One Hope United**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2023**

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**II. Financial Statement Findings**

No matters to report.

**III. Federal Award and State Financial Assistance Findings and Questioned Costs**

No matters to report.

**IV. Other Reporting**

There was no management letter (as defined by Section 10.654(1)(e), *Rules of the Florida Auditor General*) issued in connection with this audit.

**One Hope United**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2023**

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The prior year audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from prior audit's Summary of Prior Audit Findings.