Place of Hope, Inc.

Financial Statements
and Additional Information
For the Year Ended December 31, 2023

Place of Hope, Inc.

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Citrin Cooperman & Company, LLP
Certified Public Accountants

6550 N Federal Hwy, 4th Floor
Fort Lauderdale, FL 33308
T : 954.771.0896 **F** 954.938.9353
citrincooperman.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Place of Hope, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Place of Hope, Inc., which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Place of Hope, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year 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*. 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 Place of 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 opinion.

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 Place of 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 Place of 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 Place of 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.

Report on 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 state financial assistance as required by Chapter 10.650, *Rules of the Auditor General, Florida Single Audit Act,* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2024 on our consideration of Place of Hope, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Place of 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 Place of Hope, Inc.'s internal control over financial reporting and compliance.

Citrin Cooperman & Company, LLP

Fort Lauderdale, Florida
November 12, 2024

FINANCIAL STATEMENTS

Place of Hope, Inc.
Statement of Financial Position
December 31, 2023

Assets:		
Cash and cash equivalents	$	9,513,477
Investments		6,845,619
Grants and contracts receivable		437,519
Promises to give, net		718,215
Prepaid expenses and other assets		288,869
Operating lease right-of-use asset, net		479,517
Property and equipment, net		15,361,683
Total assets	$	33,644,899
Liabilities:		
Accounts payable and accrued expenses	$	512,787
Refundable advances		268,000
Operating lease liability		479,517
Deferred compensation		200,000
Total liabilities		1,460,304
Net Assets:		
Without donor restrictions		22,366,549
With donor restrictions:		
Purpose restrictions		8,999,831
Time restricted		818,215
Total net assets		32,184,595
Total liabilities and net assets	$	33,644,899

See accompanying notes to financial statements.

Place of Hope, Inc.
Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public Suppport and Revenues:			
Contributions	$ 7,200,817	$ 2,802,330	$ 10,003,147
Special event revenues, less cost of direct benefit to donors of $ 1,526,444	2,538,236	-	2,538,236
Grants and contracts	2,999,430	-	2,999,430
Contributed nonfinancial assets	62,244	-	62,244
Total public support and revenues	12,800,727	2,802,330	15,603,057
Net assets released from restrictions	841,064	(841,064)	-
Total public support, revenues and net assets released from restrictions	13,641,791	1,961,266	15,603,057
Expenses:			
Program services	7,779,880	-	7,779,880
Supporting services:			
Management and general	917,855	-	917,855
Fundraising	1,048,853	-	1,048,853
Total supporting services	1,966,708	-	1,966,708
Total expenses	9,746,588	-	9,746,588
Net operating revenue	3,895,203	1,961,266	5,856,469
Other Income (Expenses):			
Net investment income	1,772,052	157,805	1,929,857
Loss on disposal of property and equipment	(84,310)	-	(84,310)
Transferred property and equipment	(1,239,156)	-	(1,239,156)
Transferred investments	(16,319,961)	-	(16,319,961)
Other income (expenses), net	(15,871,375)	157,805	(15,713,570)
Change in net assets	(11,976,172)	2,119,071	(9,857,101)
Net Assets, Beginning of Year	34,342,721	7,698,975	42,041,696
Net Assets, End of Year	$ 22,366,549	$ 9,818,046	$ 32,184,595

See accompanying notes to financial statements.

Place of Hope, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Cost of Direct Benefits to Donors	Total
Personnel Costs:					
Salaries	$ 3,146,983	$ 414,489	$ 509,407	$ 9,870	$ 4,080,749
Employee benefits and payroll taxes	638,003	100,886	87,770	-	826,659
Total personnel costs	3,784,986	515,375	597,177	9,870	4,907,408
Other Expenses:					
Bank charges and fees	17,132	4,283	-	88,425	109,840
Depreciation	701,028	44,746	-	-	745,774
Dues and subscriptions	14,978	18,637	19,316	-	52,931
Entertainment and facility costs (including $ 36,564 in-kind donations)	36,626	20	10,173	1,414,043	1,460,862
Insurance	451,489	18,941	-	-	470,430
Licenses, permits, and taxes	19,348	538	-	-	19,886
Office supplies and other	283,682	93,338	61,277	5,970	444,267
Outreach	604,641	-	-	-	604,641
Printing and reproduction	7,484	32,603	100,197	1,011	141,295
Professional fees	143,648	53,894	-	-	197,542
Promotional expenses	98,762	86,881	172,997	782	359,422
Regulatory compliance	52,717	2,567	1,264	-	56,548
Rent (including $ 11,000 of in-kind donations)	11,001	-	75,000	-	86,001
Repairs and maintenance	604,829	13,810	2,895	-	621,534
Residents support (including $ 14,680 of in-kind donations)	492,981	-	-	-	492,981
Telephone	12,334	2,114	2,507	-	16,955
Training and development	11,780	-	198	-	11,978
Travel (program advancement)	42,210	2,707	4,976	6,343	56,236
Utilities	388,224	27,401	876	-	416,501
Total other expenses	3,994,894	402,480	451,676	1,516,574	6,365,624
Total expenses by function	7,779,880	917,855	1,048,853	1,526,444	11,273,032
Less: expenses included with revenues on the statement of activities:					
Cost of direct benefits to donors	-	-	-	(1,526,444)	(1,526,444)
Total expenses	$ 7,779,880	$ 917,855	$ 1,048,853	$ -	$ 9,746,588

See accompanying notes to financial statements.

Place of Hope, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows from Operating Activities:		
Change in net assets	$	(9,857,101)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of right-of-use asset		66,625
Depreciation		745,774
Loss on disposal of property and equipment		84,310
Net realized and unrealized gains on investments		(1,672,453)
Transferred property and equipment		1,239,156
Transferred investments		16,319,961
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Grants and contracts receivable		(14,612)
Promises to give, net		802,965
Prepaid expenses and other assets		(38,422)
Due from related party		19,783
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses		41,188
Refundable advances		(334,516)
Operating lease liability		(66,625)
Deferred compensation		40,000
Net cash provided by operating activities		7,376,033
Cash Flows from Investing Activities:		
Proceeds from sales of investments		934,923
Proceeds from sales of property and equipment		31,500
Purchases of property and equipment		(1,562,336)
Purchases of investments		(3,318,112)
Net cash used in investing activities		(3,914,025)
Net increase in cash and cash equivalents		3,462,008
Cash and cash equivalents, beginning of year		6,051,469
Cash and cash equivalents, end of year	$	9,513,477
Other Noncash Investing Activities:		
Transferred property and equipment	$	1,239,156

See accompanying notes to financial statements.

Note 1 - Organization and Operations

Place of Hope, Inc. (the "Organization") is a nonprofit, tax exempt, unique faith-based state-licensed child welfare organization providing family-style foster care (emergency and long-term), family outreach and intervention, transitional housing and support services, a maternity home, and hope and healing opportunities for children and families who have been traumatized by abuse and neglect throughout our region. Management believes that the Organization has both met and exceeded most performance standards by which licensed child welfare organizations are judged.

The main campus and outreach complex is located on a 10-acre gated campus in Palm Beach Gardens, Florida. Through a model approach and commitment, the Organization is dedicated to providing stable, loving, and nurturing environments and support for foster children and their family members while in state custody, following family reunification, pre-adoptive placement, and post-emancipation from care. The Organization strives to foster and support healthy and productive lives, free of fear, endangerment, and, most of all, abuse. Children and families can find dignity, guidance, and hope through various programs and efforts at Place of Hope - *Placing Hope in a Child's Future*.

The Organization contracts with ChildNet, Inc. and Communities Connected for Kids, Inc., through the State of Florida Department of Children and Families, to provide residential group care, a maternity home, and adoption/foster care services; and plans to pursue other federal, state, and social service agency grants and contracts. The main campus consists of six licensed family cottages (neighborhood foster homes); a licensed emergency cottage; an administration/community outreach center building; a health and wellness center; and a respite home for the cottage parents.

- The Organization serves up to fifty-four (54) children daily in nine (9) "Family Cottages" with the Enhanced Residential Care Model. These children are given a safe and stable placement, therapeutic services, professional case management and the chance to just be kids in a structured, traditional family setting.

- The Seven Stars Cottage, Palm Beach County's first and only faith-based, family-style emergency shelter, opened to care for up to eight (8) boys, ages six to eighteen (18), during crisis situations, immediately following removal from their homes by the authorities.

- Joann's Cottage (Maternity Home), a shelter located at the campus of Village of Hope of Palm Beach County, Inc. (Note 10), includes up to ten (10) private rooms to be used as a maternity home for mothers and is currently licensed for up to twelve (12) individuals.

- The Organization provides an enrichment and transition to independence program, a series of counseling and programs through which the children work through trauma; explore life and career opportunities; participate in nutrition, fitness, budgeting, parenting, interviewing, and more classes; and establish mentors as they "age out" of foster care.

Note 1 - Organization and Operations (continued)

- The Organization also provides human trafficking prevention, education and recovery services by providing prevention and awareness education to the community and partners with others to prevent at-risk children and youth from being trafficked. This program trains the community on what to look for and how to help. Recovery services are provided for victims throughout all programs. These services include professional case management, quality medical care, counseling, therapy, tutoring, mentoring, life-skills development, hope and healing opportunities.

- Shade Tree Family Outreach provides family outreach and intervention programs, family strengthening initiatives and critical services to families and children who are navigating the child welfare system with the goal of supporting children and families dealing with the dependency/child welfare and foster care systems; meeting emergency and family preservation needs; expanding the ministry reach of Place of Hope. Shade Tree Family Outreach also promotes child abuse and neglect prevention and awareness and child advocacy.

The Organization partners with its affiliate organizations, Village of Hope of Palm Beach County, Inc. ("Village"), Treasures for Hope, Inc. d/b/a Peninsula Social Enterprises ("Treasures"), and The Place of Hope at the Haven Campus, Inc. d/b/a The Place of Hope at the Leighan and David Rinker Campus ("Haven"). Village, a not-for-profit entity incorporated in 2006, provides a residential campus which may serve up to fifty-four (54) young adults on a daily basis who have "aged out" (eighteen years old) of the foster care system or who are otherwise found homeless. Treasures, a not-for-profit entity incorporated in 2012, operates a social enterprise to support the activities of the Organization and Village. Haven, a nonprofit entity incorporated in 2013, provides real estate and other property and equipment to the Organization and Village in furtherance of their respective missions.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting: The Organization uses the accrual basis of accounting for financial reporting purposes, which is in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the recommendation of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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

> *Net Assets without Donor Restrictions* - consist of net assets for use in general operations and not subject to donor (or certain grantor) restrictions.

Note 2 - Summary of Significant Accounting Policies (continued)

Net Assets with Donor Restrictions - represent net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Generally, contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions.

Cash and cash equivalents: The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents that the Organization intends to use for long-term purposes are classified as investments in the accompanying statement of financial position.

Investments: Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion of fair value measurements.

Investment transactions are recorded on a trade-date basis. Unrealized gains and losses represent the net change in the carrying value of securities owned as of the date of the statement of financial position. Realized gains and losses on investments are determined using the specific-identification method. Earnings from dividends are recognized on the ex-dividend date.

The fair value of fixed income, equity, and commodity based exchange traded funds and fixed income securities are valued based on quoted prices from active markets. These securities are listed as Level 1 as they are actively traded and no valuation adjustments have been applied.

The fair value of the beneficial interest in assets held by the Community Foundation for Palm Beach and Martin Counties is based on the fair value of fund investments as reported by the trust. These are considered to be Level 3 measurements.

Beneficial interest in assets held by Community Foundation for Palm Beach and Martin Counties: Beneficial interest in assets held by Community Foundation for Palm Beach and Martin Counties (the "Community Foundation") represents the fiscal year end fair value of the Hope for the Future Fund ("Fund"). The Organization established this Fund at the Community Foundation and specified itself as the beneficiary of that Fund. Annual minimum distributions from the Community Foundation are estimated to be no less than five percent (4.5%) of the estimated fair value of the endowment fund as measured by a twelve-quarter rolling average of the estimated fair value.

Promises to give: The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques based on the Organization's expected rate of return. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Consequently, the Organization had approximately $ 300,000 of conditional promises to give, that have not been recognized in the accompanying statement of activities for the year ended December 31, 2023.

Note 2 - Summary of Significant Accounting Policies (continued)

Allowance for credit losses: Management periodically reviews grants and contracts receivable and promises to give and provides an allowance for accounts which may be uncollectible. At December 31, 2023, management considered the grants and contracts receivable balance and promises to give to be fully collectible within the current accounting period and no allowance for credit losses was considered necessary.

Property and equipment: Property and equipment are carried at cost if purchased or, if donated, at estimated fair value on the date of donation, less accumulated depreciation.

The Organization's policy is to provide for depreciation using the straight-line method over the estimated useful life, except for leasehold improvements, which are amortized over their estimated useful lives or the remaining lease period, whichever is shorter. Estimated useful lives are as follows:

Building and improvements	7-27.5 years
Land improvements	27.5 years
Vehicles	5 years
Machinery and equipment	3-7 years
Furniture, fixtures, and office equipment	3-7 years

Donations of property and equipment are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as an increase to net assets with donor restrictions.

Without donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying net assets with donor restrictions to net assets without donor restrictions at that time.

Maintenance and repairs to property and equipment are charged to expense when incurred. Additions and major renewals are capitalized.

Revenue and revenue recognition: The Organization recognizes revenues from nonexchange transactions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived.

Grants and contracts revenue derived from units of service contracts is recognized as revenue when the unit of service has been provided in compliance with the specific contract. Revenue derived from cost-reimbursement contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when such expenditures are incurred in compliance with specific contract provisions.

Contributed non-financial assets: The Organization recognizes revenue from donated goods at their estimated fair values at the date of donation. Donated services are recognized if (1) the services received create or enhance nonfinancial assets or (2) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Note 2 - Summary of Significant Accounting Policies (continued)

Donated facilities are recognized, at estimated fair value, as a contribution, along with a corresponding contribution, in the period the right-of-use of the facilities is received from a third party.

Donated services are recognized, at estimated fair value, as an expense, along with corresponding expense, if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individual with those skills, and would otherwise have been purchased. Donated goods are recorded at their estimated fair value when received. Donated equipment is capitalized at its estimated fair value at the date of donation and depreciated over the estimated useful life of the asset.

Refundable advances: Revenues received in advance (nonexchange transaction) that are not recognized because the allowable costs as defined by the individual grant or contract have not been incurred, the unit of service has not been provided, and/or the conditions of release have not been substantially met or explicitly waived are considered refundable advances. In addition, revenues received in advance from special events and other income that are considered exchange transactions are deferred to the applicable period.

Functional expenses: The costs of providing the various programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses that can be directly identified within a program or supporting service are charged accordingly. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses, including personnel costs, depreciation, promotional expenses, professional fees, and other expenses; which are allocated on the basis of estimates of time and effort, and other methods as determined by management.

Leases: The Organization determines if an arrangement is or contains a lease at inception. Leases are included in operating lease right-of-use ("ROU") asset and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Joint costs of fundraising appeals: The Organization utilizes various pamphlets, brochures and informational methods to inform the general public of their activities and to solicit funds. These costs are charged to fundraising.

Note 2 - Summary of Significant Accounting Policies (continued)

Concentration of credit risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents, receivables, and investments. The Organization has cash in financial institutions that are insured by the Federal Deposit Insurance Corporation. At various times throughout the year, the Organization may have cash balances at financial institutions that exceed the insured amount. The concentration of credit risk with respect to receivables is primarily due to the economic dependency in federal, state, and other agencies and the ability to obtain authorization, process and collect balances timely. The Organization does not require collateral or other security to support receivables. Investments are held in brokerage accounts protected by the Securities Investor Protection Corporation ("SIPC"). The SIPC insurance does not protect against market losses on investments.

Income taxes: The Organization qualifies as a non-profit corporation exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), with the exception of any unrelated business income. Management has evaluated the unrelated business income tax implications and believes that the effects, if any, are immaterial to the Organization's financial statements. Accordingly, no provision for income taxes has been made to these financial statements.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently adopted accounting standards: In June 2016, FASB issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments-Credit Losses (Topic 326)* ("ASC 326"), along with subsequently issued related ASUs, requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. ASC 326 eliminates the probable initial threshold for recognition of credit losses for financial assets recorded at amortized cost, which could result in earlier recognition of credit losses. It utilizes a lifetime expected credit loss measurement model for the recognition of credit losses at the time the financial assets is originated or acquired.

Financial assets held by the Organization subject to the guidance in ASC 326 historically consist of grants and contracts receivable, however, at December 31, 2023 and 2022, these amounts were deemed fully collectible by management. The Organization adopted ASC 326 using the modified retrospective approach at January 1, 2023, and it did not have a material impact on the financial statements.

Date of management's review: Management has evaluated subsequent events through November 12, 2024 which is the date the financial statements were available for issuance.

Note 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial Assets:		
Cash and cash equivalents	$	9,513,477
Investments		6,845,619
Grants and contracts receivable		437,519
Promises to give, net		718,215
Financial assets at year-end		17,514,830
Less: those unavailable for general expenditures within one year, due to:		
Promises to give collectible beyond one year, net		418,215
Contractual or donor-imposed restrictions making financial assets unavailable for general expenditure		8,999,831
Financial assets available within one year to meet cash needs for general expenditures within one year	$	8,096,784

As part of its liquidity plan, the Organization invests cash exceeding daily requirements in money market accounts.

Note 4 - Investments

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures,* the Organization has defined and established a framework for measuring fair value and expanded disclosures about fair value measurements. Various inputs are used in determining the fair value of the Organization's investments. These inputs are summarized in three levels listed below:

- Level 1 - inputs are quoted prices (unadjusted) in active markets for identical investments that the Organization has the ability to access at the measurement date.

- Level 2 - inputs are inputs other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly (e.g., quoted prices in active markets for similar securities, valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices).

- Level 3 - inputs are unobservable inputs for the investments (e.g., information about assumptions, including risk, market participants would use in pricing a security).

Note 4 - Investments (continued)

The level in the fair value hierarchy within which a fair measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The input or methodology used for valuing securities is not necessarily an indicator of risk associated with investing in those securities.

Fair values of investments, held by the Organization are classified at December 31, 2023 as follows:

	Level 1	Level 2	Level 3	Total
Fixed income	$ 5,599,011	$ -	$ -	$ 5,599,011
Equity	1,039,727	-	-	1,039,727
Commodities	10,637	-	-	10,637
Community Foundation fund	-	-	196,244	196,244
Total	$ 6,649,375	$ -	$ 196,244	$ 6,845,619

Beneficial interest in perpetual trust is measured at fair value on a recurring basis using unobservable market inputs (Level 3). There were no transfers into or out of the Organization’s level 3 investments during the year ended December 31, 2023.

Net investment income relative to these investments and others held and sold during the year is comprised of:

Net realized and unrealized gains	$ 1,672,453
Interest and dividend income	336,256
Fees	(78,852)
	$ 1,929,857

Note 5 - Promises to Give

Promises to give, at December 31, 2023, are summarized as follows:

Receivable in less than one year	$ 300,000
Receivable in two to three years	450,000
Total promises to give	750,000
Less: unamortized discount	31,785
Promises to give, net	$ 718,215

Promises to give are recorded net of a discount to net present value. The discount rate is 5.672%.

Note 6 - Property and Equipment

Property and equipment consists of the following at December 31, 2023:

Buildings and improvements	$	13,793,732
Land improvements		1,266,242
Vehicles		1,126,964
Machinery and equipment		365,820
Furniture, fixtures, and office equipment		221,398
		16,774,156
Less: accumulated depreciation		5,813,899
		10,960,257
Land		3,295,445
Construction in progress		1,105,981
	$	15,361,683

Certain grant and contract revenues were awarded to the Organization for the purpose of improving existing real estate. The grantor retains a security interest in the subject property. If the improved real estate is no longer used for its intended purpose, the Organization must obtain approval from the grantor agencies to use this property for other lawful purposes within the prescribed time-frame.

During the year ended December 31, 2023, the Organization entered into construction agreements for property improvements for three campuses. As of December 31, 2023, the remaining commitments were approximately $ 4,668,000.

Note 7 - Grants and Contracts

Funding agreements for services to be provided are generally entered into on an annual basis. The release of funds is subject to monies made available by the federal and state government, and certain other grantor agencies, as applicable. These agreements may generally be terminated by either party upon thirty to ninety days written notice; however, such an event would be unlikely if contract performance continues to be satisfactory.

Program expenditures made by the Organization are subject to additional audit by grantor agencies. As a result of such audits, the grantor may require that amounts be returned. In certain instances, the grantor may increase its grant of funds to the Organization to offset amounts which would otherwise be repayable based on audits. As of December 31, 2023, no amounts are known to be owed to grantor agencies.

Note 8 - Leases

The right-of-use asset and corresponding liability associated with future lease payments at December 31, 2023 are as follows:

		Operating
Right-of-use assets	$	479,517
Lease liability	$	479,517
Weighted average		
Discount rate		1.64%
Remaining lease term (years)		6.75

Total lease cost reported in the statement of functional expenses, excluding donated facilities, for the year ended December 31, 2023 was approximately $75,000.

The following are future minimum lease commitments:

Year Ending December 31,		
2024	$	75,000
2025		75,000
2026		75,000
2027		75,000
2028		75,000
Thereafter		131,000
		506,000
Less: present value discount		26,000
	$	480,000

Note 9 - Contributed Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets for the year ended December 31, 2023:

Equipment rentals for events	$	36,564
Program support		14,680
Donated facilities (Note 10)		11,000
	$	62,244

The nonfinancial assets are valued at the estimated price of identical or similar products using pricing data under a “like-kind” methodology considering the assets’ condition and utility for use at the time of contribution. Services are recorded at an estimated hourly rate for similar services that the Organization would have to pay for, if not provided in-kind.

Note 9 - Contributed Nonfinancial Assets (continued)

The Organization also receives significant services from unpaid volunteers who have made contributions of their time to develop and continue the programs and events of the Organization. The Organization has not disclosed the value of these services in the accompanying financial statements since they are not susceptible to objective measurement and valuation and therefore the criteria for recognition have not been satisfied.

Note 10 - Related-Party Transactions

Consolidation of other nonprofit organizations is based on whether the Organization has voting control over the other organization's board as evidenced in the other organization's governing documents. The accompanying financial statements do not consolidate Village, Treasures, Haven, or Place of Hope Foundation, Inc. ("Foundation") because management has determined that, although the Organization has economic interests and contracts with the entities, the requirements for consolidation have not been met.

The Organization is related to Village through common board members and management. The Organization also provides support in the form of donated services and contributions for the general operations of Village. The Organization provided in-kind services of approximately $ 149,000, in-kind facilities of $ 209,000, and contributed approximately $ 296,000 to Village during the year ended December 31, 2023.

The Organization is related to Treasures through common board members and management. The Organization also provides support in the form of donated services for the general operations of Treasures. The Organization provided in-kind services of approximately $ 143,000 to Treasures during the year ended December 31, 2023. In addition, the Organization transferred property and equipment worth approximately $ 1,239,000 to Treasures.

In addition, the Organization leases certain office space from Treasures for $ 6,250 a month under a noncancellable leasing arrangement through September 2025 with an option to renew for an additional five year term (Note 8).

The Organization is related to Haven through common board members and management. During the year, the Organization contributed approximately $ 132,000 to Haven for property improvements. Previously, the Organization entered into a 10-year lease agreement for use of Haven's facilities to further a significant portion of their program services. In consideration of the lease, the Organization will make annual payments of $ 1 through May 2030. In addition, the Organization is also responsible for any utilities, taxes, repairs, and maintenance in relation to these facilities. For the year ended December 31, 2023, the Organization recorded $ 11,000 of in-kind revenue and expense related to this lease. The Organization donates a significant portion of this space to Villages through a sub-lease agreement that expires in May 2030.

During the year, the Organization transferred investments of approximately $ 16,320,000 to Foundation, a nonprofit formed to support the missions of the Organization, Village, and Treasures. The Organization did not retain any variance power over the transferred investments. In addition, the Organization provided in-kind services of approximately $ 19,000 to Foundation and received contributions of approximately $ 475,000 from Foundation.

Note 11 - Net Assets with Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes:

Subject to expenditure for specified purpose:		
Construction	$	7,819,435
Student scholarships		1,180,396
Subject to the passage of time:		
Promises to give, net		718,215
Donor specified time period		100,000
Total	$	9,818,046

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

Expiration of time restrictions	$	802,965
Satisfaction of purpose restrictions:		
Student scholarships		38,099
	$	841,064

Note 12 - Employee Benefit Plans

401(k) Plan: Previously, the Organization entered into a safe harbor 401k plan offered to eligible employees. Employee contributions are based upon the amount of compensation each participant elects to defer yearly, which may be "before tax" and are limited only by certain provisions of the Internal Revenue Code. The Organization provides a 100% match of up to 5% of the employees' eligible earnings. The total 401(k) plan expense for the Organization for the year ended December 31, 2023 amounted to approximately $ 99,000.

Deferred Compensation Plan: The Organization previously established a 457(f) non-qualified deferred compensation plan for certain highly compensated employees. Under the plan, the participants or their designated beneficiaries are entitled to receive a single lump sum payment of all benefits upon the Organization's change of control or employee's total and permanent disability or death. Total expense for the Plan for the year ended December 31, 2023 was $ 40,000. As of December 31, 2023, the total amount approved by the Organization's Board of Directors amounted to $ 200,000.

SUPPLEMENTARY INFORMATION

Place of Hope, Inc.
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2023

State Agency/Pass-through Entity State Project	CSFA Number	Contract/ Agreement Number	Expenditures	Transfers to Subrecipients
State Agency Name:				
Direct Projects:				
State of Florida Department of Children and Families -				
CBC-Sexually Exploited Children	60.138	IJ712	$ 350,000	$ -
Services to Victims of Sexual Exploitation	60.152	IJ714	500,000	-
Total Direct			850,000	-
Indirect Projects:				
State of Florida Department of Children and Families -				
Passed through ChildNet, Inc.				
Child Welfare Out-of-Home Supports	60.074	POH22NFH	216,238	-
	60.074	POH23NFH	294,353	-
	60.074	POH21MAT	105,922	-
	60.074	POH23MAT	75,072	-
	60.074	POH22RGC	38,314	-
	60.074	POH23RGC	26,707	-
Total Indirect			756,606	-
Total Expenditures of State Financial Assistance			$ 1,606,606	$ -

See notes to schedule of expenditures of state financial assistance and independent auditor's report.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the "Schedule") includes the grant activity of Place of Hope, Inc. (the "Organization") for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General, Florida Single Audit Act*. Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of the financial statements. Because the Schedule presents 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 Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Chapter 10.650, *Rules of the Auditor General, Florida Single Audit Act,* wherein certain types of expenditures are not allowable or are limited as to reimbursement, as applicable.

INTERNAL CONTROLS AND COMPLIANCE

Citrin Cooperman & Company, LLP
Certified Public Accountants

6550 N Federal Hwy, 4th Floor
Fort Lauderdale, FL 33308
T : 954.771.0896 **F** 954.938.9353
citrincooperman.com

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 AUDITITNG STANDARDS*

To the Board of Directors
Place of Hope, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Place of Hope, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2023, and the statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated November 12, 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 opinions 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 have not been 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.

Citrin Cooperman & Company, LLP

Fort Lauderdale, Florida
November 12, 2024

Citrin Cooperman & Company, LLP
Certified Public Accountants

6550 N Federal Hwy, 4th Floor
Fort Lauderdale, FL 33308
T : 954.771.0896 **F** 954.938.9353
citrincooperman.com

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, FLORIDA SINGLE AUDIT ACT*

To the Board of Directors
Place of Hope, Inc.

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Place of Hope, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *Florida Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major state projects for the year ended December 31, 2023. The Organization's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs relating to State financial assistance.

In our opinion, the Organization 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, 2023.

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 Chapter 10.650, *Rules of the Auditor General, Florida Single Audit Act.* Our responsibilities under those standards and Chapter 10.650, *Rules of the Auditor General, Florida Single Audit Act* 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 state 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 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 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 generally accepted auditing standards, *Government Auditing Standards*, 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 state project as a whole.

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

Report on Internal Control over Compliance (Continued)

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 Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

Citrin Cooperman & Company, LLP

Fort Lauderdale, Florida
November 12, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	*Unmodified*	
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified?	____ yes	X none reported
Noncompliance material to financial statements noted?	____ yes	X no

State Projects

Internal control over major state projects:		
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 state projects:	*Unmodified*	
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.656, *Rules of the Florida Auditor General* ?	____ yes	X no

Identification of major State project(s):

CSFA No.	State Project(s)
60.138	CBC - Sexually Exploited Children
60.074	Services to Victims of Sexual Exploitation

Dollar threshold used to distinguish between Type A and Type B projects: $ 481,982

See independent auditor’s report.

SECTION II - FINANCIAL STATEMENTS RECOMMENDATIONS

None reported.

SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV – STATUS OF PRIOR YEAR AUDIT FINDINGS

Finding 2022-01: Staffing levels and year-end closing process

Condition and criteria: Enhanced annual closing procedures are essential to producing complete financial reports. The Organization and its related entities have grown much larger and more complex; consequently the volume of transactions and the monthly/annual closing financial process es have increased, and are more involved. Post-closing adjusting journal entries were proposed by the audit team and management.

Current status: This finding has been corrected in the current year.