PLACE OF HOPE, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
December 31, 2025

SULLIVAN & FENGLER CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Place of Hope, Inc.
Palm Beach Gardens, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Place of Hope, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities 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 the Organization as of December 31, 2025, 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. 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.

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 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 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, 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.

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 schedule of expenditures of state financial assistance 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 July 27, 2026, 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.

Sullivan & Fengler
Fort Lauderdale, FL
July 27, 2026

FINANCIAL STATEMENTS

PLACE OF HOPE, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2025

ASSETS

	2025
Cash and cash equivalents	$ 9,111,038
Investments	707,384
Grants and contracts receivable	294,260
Promise to give, net	149,725
Prepaid insurance	215,101
Prepaid expenses	290,524
Deposits	8,954
Operating lease right of use asset	331,399
Property and equipment, net	30,322,482
TOTAL ASSETS	$ 41,430,867

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	$ 811,292
Due to related organization	12,250
Deferred revenue	1,023,493
Operating lease liability	331,399
Deferred compensation	330,000
TOTAL LIABILITIES	2,508,434
Net Assets:	
Without donor restrictions	28,059,496
With donor restrictions	10,862,937
TOTAL NET ASSETS	38,922,433
TOTAL LIABILTIES AND NET ASSETS	$ 41,430,867

See independent auditors' report and accompanying notes to the financial statements.

PLACE OF HOPE, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total 2025
WITHOUT DONOR RESTRICTIONS:			
Revenue and Support:			
Contributions	$ 18,492,509	$ 998,179	$ 19,490,688
Contributions (supported organizations)	1,000,000	-	1,000,000
Grants and contracts	2,943,863	-	2,943,863
Special event income, less direct benefit to donors of $2,293,980	958,861	-	958,861
Other income	11,086	-	11,086
In-kind revenue	1,236,213	-	1,236,213
In-kind revenue (supported organizations)	11,000	-	11,000
Net assets released from restrictions	1,889,247	(1,889,247)	-
Total Revenue and Support	26,542,779	(891,068)	25,651,711
Expenses:			
Program services	25,349,113	-	25,349,113
Supporting Expenses:			
Management and general	1,106,912	-	1,106,912
Fundraising and development	1,190,106	-	1,190,106
Total Supporting Expenses	2,297,018	-	2,297,018
Total Expenses	27,646,131	-	27,646,131
Change in Net Assets Before Other Income (Expenses)	(1,103,352)	(891,068)	(1,994,420)
Other Income (Expenses):			
Investment income, net	643,283	205,519	848,802
Gain on disposal of property and equipment	5,460	-	5,460
Total Other Income (Expenses)	648,743	205,519	854,262
Change in Net Assets	(454,609)	(685,549)	(1,140,158)
Net assets beginning of year	28,514,105	11,548,486	40,062,591
Net assets end of year	$ 28,059,496	$ 10,862,937	$ 38,922,433

See independent auditors' report and accompanying notes to the financial statements.

PLACE OF HOPE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2025

	Program Services	Management and General	Fundraising and Development	Direct Benefits to Donors	Total
Salaries and benefits	$ 5,043,171	$ 720,453	$ 785,949	$ -	$ 6,549,573
Insurance	575,554	21,860	-	-	597,414
Professional fees	12,813	75,197	-	-	88,010
Utilities	471,338	20,878	4,946	-	497,162
Consulting	86,011	21,520	11,835	-	119,366
Travel	61,641	8,525	6,669	-	76,835
Compliance	47,663	7,546	849	-	56,058
Staff training	44,642	10,563	2,911	-	58,116
Community awareness	184,761	1,345	138,490	-	324,596
Special events	600,442	-	-	2,120,701	2,721,143
Bank fees	9,497	27,785	-	124,063	161,345
Licenses, taxes, and fees	26,835	554	-	-	27,389
Dues and subscriptions	10,299	16,081	-	49,216	75,596
Rent and lease expense	123,249	6,626	53,092	-	182,967
Computer and website	47,090	46,855	16,202	-	110,147
Office and supplies	159,450	51,467	169,163	-	380,080
Repairs and maintenance	641,290	19,851	-	-	661,141
Household expenses	678,050	-	-	-	678,050
Community support	270,100	-	-	-	270,100
Supported organizations	15,308,895	-	-	-	15,308,895
Total expenses prior to depreciation	24,402,791	1,057,106	1,190,106	2,293,980	28,943,983
Depreciation	946,322	49,806	-	-	996,128
Total Expenses	25,349,113	1,106,912	1,190,106	2,293,980	29,940,111
Less direct benefit to donors	-	-	-	2,293,980	2,293,980
Total	$ 25,349,113	$ 1,106,912	$ 1,190,106	$ -	$ 27,646,131
Percentage to total expense	92%	4%	4%	0%	100%

See independent auditors' report and accompanying notes to the financial statements.

PLACE OF HOPE, INC.

STATEMENT OF CASH FLOWS

Years Ended December 31, 2025

	2025
Cash flows from (to) operating activities	
Change in net assets	$ (1,140,158)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	996,128
(Gain) loss on sale of property and equipment	47,442
Net realized and unrealized gains on investments	(848,802)
Change in assets:	
Grants and contracts receivable	231,216
Promise to give, net	292,220
Prepaid insurance	(77,233)
Prepaid expenses	(57,518)
Deposits	(798)
Operating lease right of use asset	135,579
Change in liabilities:	
Accounts payable and accrued expenses	226,634
Due to related organization	7,250
Deferred revenue	541,447
Operating lease liability	(135,579)
Deferred compensation	75,000
Net assets provided (used) by operating activities	292,828
Cash flows from (to) investing activities:	
Purchase of property and equipment	(10,432,738)
Proceeds from sale of property and equipment	18,050
Purchase of investments	(6,331,890)
Sale of investments	8,289,972
Cash flows from (to) investing activities	(8,456,606)
Net change in cash and cash equivalents	(8,163,778)
Cash and cash equivalents, beginning of year	17,274,816
Cash and cash equivalents, end of year	$ 9,111,038

See independent auditors' report and accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS AND SCHEDULE OF EXPENDIUTRES OF STATE FINANCIAL ASSISTANCE

PLACE OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS AND
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
December 31, 2025

NOTE A - NATURE OF ACTIVITIES

Place of Hope, Inc. (the "Organization"), incorporated in August 1998, is a not-for-profit, tax-exempt, faith-based, state-licensed child welfare organization providing family-style foster care, including emergency and long-term care, family outreach and intervention, transitional housing and support services, maternity housing, and other services designed to provide hope, healing, and support to children, youth, and families who have experienced abuse, neglect, and other forms of trauma.

The Organization provides services throughout Florida through a family-centered continuum of care, offering residential homes, neighborhood foster homes, and community-based services to children, youth, and families in need. Its services include safe and stable housing and care, family preservation and strengthening, child welfare and foster care support, human trafficking prevention and recovery services, educational and community awareness initiatives, professional case management, counseling and therapy, tutoring, life-skills development, and child advocacy. These services are designed to address the immediate and long-term needs of children, youth, and families and to promote safety, stability, healing, and self-sufficiency. Management believes that the Organization has both met and exceeded most performance standards by which licensed child welfare organizations are judged.

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 foster care services.

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"), Place of Hope at the Haven Campus, Inc. d/b/a Place of Hope at the Leighan and David Rinker Campus ("Haven"), and Place of Hope Foundation, Inc. ("Foundation") (Note M). Village, a not-for-profit entity incorporated in 2006, provides transitional residential support services and essential life-skills development for young adults who have "aged out" of the foster care system or who are otherwise experiencing homelessness. Treasures, a not-for-profit entity incorporated in 2012, operates a social enterprise to support the activities of the Organization. Haven, a not-for-profit entity incorporated in 2013, provides real estate and other property and equipment to Place of Hope and Village in furtherance of their respective missions. Foundation, a not-for-profit entity incorporated in 2023, to support the charitable missions of Place of Hope, Village, and Treasures.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred.

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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.

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.

Grants and Contracts Receivables

Grants and contracts receivable are carried at face amounts less an allowance for credit losses. On a periodic basis, they are evaluated and an allowance for credit losses is established based on a combination of specific customer circumstances, credit conditions and our history of write-offs and collections.

Promise 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.

Net Assets

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

Net Assets Without Donor Restrictions
Net assets without donor restrictions are available for use in general operating operations and are not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions
Net assets with donor restrictions consist of assets whose use is limited by donor/grantor imposed, time and/or purpose restrictions. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue Recognition

The Organization recognizes revenues from contributions transactions when cash, securities, or other assets; an unconditional promise to give; or notification of 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.

Donated services are recognized, at estimated fair value, as a contribution, along with corresponding expense, if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by an 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 fair market value at the date of donation and depreciated over the estimated useful life of the asset.

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.

Income Taxes

The Organization qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. The Organization also qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Income from certain Organization activities not directly related to its tax-exempt purpose may be subject to income tax. The Organization had no such income for 2025. The current and previous three years remain subject to examination by the IRS.

Estimates

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

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 lease (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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Functional Allocation of Expenses

The costs of providing the various programs and supporting services 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. Program and supporting services are charged with their direct expenses. Other expenses are allocated based on their proportionate share of total expenses as well as other estimates provided by management. Expenses that are allocated based on time and effort are: salaries and benefits, insurance, professional fees, consulting, and staff training.

Joint Cost of Fundraising

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. For the year ended December 31, 2025, $600,442 was allocated to program expenses.

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 of each type of asset which is as follows:

Building and Improvements	7 - 27.5 Years
Land Improvements	27.5 Years
Machinery and Equipment	3 - 7 Years
Furniture, Fixtures, and Office Equipment	3 - 7 Years
Vehicles	5 Years

Deferred Revenue

Deferred Revenue consists of fundraising ticket sales sold in advance of the event. Revenue from these events is recognized once the event has taken place.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of State Financial Assistance (the "Schedule") includes the state award activity of the Organization under programs of state government for the year ended December 31, 2025. 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 this 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, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Organization elected not to use the 10% de minimis indirect cost rate allowed under the Chapter 10.650, *Rules of the Auditor General, Florida Single Audit Act*. No amounts were provided to subrecipients. There were no loans or loan guarantees outstanding at year-end.

Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 27, 2026, the date which the financial statements were available to be issued.

NOTE C - COMMITMENTS AND CONTINGENCIES

The Organization has deposits in financial institutions that from time to time exceed the federally insured limits. The Organization maintains its cash with high quality institutions which the Organization feels limits these risks.

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, 2025, no amounts are known to be owed to grantor agencies.

The Organization entered into construction agreements for property improvements for three campuses. As of December 31, 2025, the remaining commitments were approximately $5,588,000.

NOTE D - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

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 (the "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 (5%) of the estimated fair value of the endowment fund as measured by a twelve-quarter rolling average of the estimated fair value.

NOTE E - RETIREMENT PLAN

401(k) Plan

The Organization entered into a safe harbor 401(k) 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, 2025, amounted to approximately $257,452.

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, 2025, was $75,000. As of December 31, 2025, the total amount approved by the Organization's Board of Directors amounted to $330,000.

NOTE F - PROPERTY AND EQUIPMENT

Depreciation expense for the year ended December 31, 2025, was $996,128. Property and equipment consists of the following at December 31, 2025:

Land Improvements	$ 1,800,497
Buildings	11,815,629
Building Improvements	4,136,434
Equipment and Appliances	648,412
Furniture and Fixtures	266,585
Vehicles	1,587,861
Total depreciable assets	20,255,418
Less:	
Accumulated Depreciation	(7,324,302)
Net total depreciation assets	12,931,116
Land	3,295,435
Construction in Progress	14,095,931
Total non-depreciable assets	17,391,366
Total property and equipment, net	$ 30,322,482

NOTE F - PROPERTY AND EQUIPMENT - continued

Certain grant and contract revenues were previously awarded to the Organization for the purpose of improving existing real estate. 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 timeframe.

NOTE G - LEASES

The Organization entered into a 10-year sublease agreement with Treasures for Hope, Inc. d/b/a Peninsula Social Enterprises for use of office facilities. In consideration of this lease, the Organization will make monthly payments of $6,500 through September 2030. For the year ended December 31, 2025, the Organization lease expense totaled $75,750.

The Organization entered into a 2-year lease agreement for use of office facilities. In consideration of this lease, the Organization will make monthly payments of $5,047 through May 2026. For the year ended December 31, 2025, the Organization lease expense totaled $59,829.

The following summarizes the long-term line items in the statement of financial position which include amounts for operating leases as of December 31, 2025:

Operating Leases	
Operating lease right of use asset	$ 331,399
Operating lease right of use liability	$ (331,399)

Future minimum commitments for the above leases are as follows as of December 31:

2026	$ 103,235
2027	78,000
2028	78,000
2029	78,000
2030	58,500
Total leases	395,735
Less interest	64,336
Present value of leases	$ 331,399

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2025:

Weighted Average Remaing Lease Term	
Operating leases	5 Years
Weighted Average Discount Rate	
Operating leases	1.64%

NOTE H – INVESTMENTS

The Financial Accounting Standards Board (FASB), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2: Inputs to the valuation methodology include 1) quoted prices for similar assets or liabilities in active markets, 2) quoted prices for identical assets or liabilities in active markets, 3) inputs other than quoted prices that are observable for the asset or liability, and 4) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs in the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other markets. The use of different methodologies to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of:

	Level 1	Level 2	Level 3	Total
Domestic Equities	$ 388,363	$ -	$ -	$ 388,363
Fixed Income	43,514	-	-	43,514
Alternative	-	37,144	-	37,144
Community Foundation	-	-	238,363	238,363
	$ 431,877	$ 37,144	$ 238,363	$ 707,384

Investment income on the statement of activities:

Realized and unrealized gains/(losses)	$ 277,753
Interest and dividends	582,852
Fees	(11,803)
	$ 848,802

NOTE I – PROMISE TO GIVE

Promise to give, at December 31, 2025, were as follows:

Less than one year	$ 149,725

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

NOTE J - CONTRIBUTED SERVICES AND MATERIALS

The Organization receives significant services from unpaid volunteers who have made contribution 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.

The Organization received the following contributions of nonfinancial assets for the year ended December 31, 2025:

Fundraising event items	$ 868,575
Program support	42,928
Property and equipment	324,710
	1,236,213
Donated facilities (supported organization)	11,000
	$ 1,247,213

Fundraising and event items are included in special events, program support is included in household expenses, equipment rental and donated facilities are included in rent and lease expense on the accompanying statement of functional expenses. Property and equipment is capitalized on the statement of financial position.

The Organization received $11,000 of in-kind rent from Place of Hope at the Haven Campus, Inc. d/b/a Place of Hope at the Leighan and David Rinker Campus and is recorded as in-kind contributions, valued at fair market value, in the statement of activities with the offsetting expense on the statement of functional expenses as rent and leases.

NOTE K - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions consisted of the following at December 31:

	12/31/2024	Additions	Releases	12/31/2025
Construction	$ 9,715,033	$ 898,179	$ -	$ 10,613,212
Scholarships	1,291,508	205,519	(1,497,027)	-
Promise to give, net	441,945	-	(292,220)	149,725
Time restricted	100,000	100,000	(100,000)	100,000
	$ 11,548,486	$ 1,203,698	$ (1,889,247)	$ 10,862,937

NOTE L - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization maintains a policy of operating within a prudent range of financial soundness and stability, structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due and operating within the annual approved budget. If the Organization receives contributions restricted by donors, and considers contribution restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. To achieve this, the Organization forecasts its future cash flows and monitors its liquidity on a monthly basis.

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	$ 9,111,038
Investments	707,384
Grants and contracts receivable	294,260
Promise to give, net	149,725
Total financial assets available within one year	10,262,407
Less:	
Amounts unavailable for general expenditures within one year:	
Restricted by donors	10,862,937
Total financial assets available to management within one year	$ (600,530)

NOTE M - 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 of Hope of Palm Beach County, Inc., Place of Hope at the Haven Campus, Inc. d/b/a Place of Hope at the Leighan and David Rinker Campus, Treasures for Hope, Inc. d/b/a Peninsula Social Enterprises, and Place of Hope Foundation, Inc. because management has determined that, although the Organization has economic interest and contracts with the entities, the requirements for consolidation have not been met.

The Organization is related to Village of Hope of Palm Beach County, Inc. ("Village") through common board members and management. The Organization also provides support in the form of donated services and contributions for the general operating of Village. The Organization provided in-kind management services of $175,872, in-kind facilities of $217,333, in-kind property and equipment of $47,482, and $692,000 in contributions to Village during the year ended December 31, 2025.

The Organization is related to Place of Hope at the Haven Campus, Inc. d/b/a Place of Hope at the Leighan and David Rinker Campus ("Haven") through common board members and management. For the year ended December 31, 2025, the Organization provided $13,170 in contributions to Haven for property improvements. The Organization provided $3,838,298 in property and equipment to the Haven. 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 responsible for any utilities, taxes, repairs, and maintenance in relation to these facilities. For the year ended December 31, 2025, 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.

The Organization is related to Treasures for Hope, Inc. d/b/a Peninsula Social Enterprises ("Treasures") through common board members and management. For the year ended December 31, 2025, the Organization provided $166,497 of in-kind management services to Treasures. For the year ended December 31, 2025, the Organization leased certain office space from Treasure for $6,500 per month under a non-cancellable leasing arrangement through September 2030, with an option to renew for an additional five year term (Note H).

The Organization is related to Place of Hope Foundation, Inc. ("Foundation") through some common board members and common management. For the year ended December 31, 2025, the Organization provided $10,717,945 in contributions to the Foundation. For the year ended December 31, 2025, the Organization received $1,000,000 in contributions from the Foundation.

SUPPLEMENTAL INFORMATION

PLACE OF HOPE, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended December 31, 2025

State Agency/Pass-through Entity State Project	CSFA Number	Contract/Agreement Number	Expenditures
State Agency Name:			
Direct Projects:			
State of Florida Department of Children and Families			
Services to Victims of Sexual Exploitation	60.152	IJ714	$ 750,000
Total Direct			750,000
Indirect Projects:			
State of Florida Department of Children and Families			
Passed through ChildNet, Inc.			
Child Welfare Out-of-Home Supports	60.074	POH23RGC	657,045
Child Welfare Out-of-Home Supports	60.074	POH25MAT	45,009
Extended Foster Care Program	60.141	POH25NFH	20,102
			722,156
State of Florida Department of Children and Families			
Passed through Communities Connected for Kids, Inc.			
Child Welfare Out-of-Home Supports	60.074	CCK 24-229	38,407
Total Indirect			760,563
Total Expenditures of State Financial Assistance			$ 1,510,563

See independent auditors' report and accompanying notes to the financial statements and schedule of expenditures of state financial assistance.

PLACE OF HOPE, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2025

None.

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

To the Board of 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 consolidated financial statements of Place of Hope, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 27, 2026.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 Organization's consolidated 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

Sullivan & Fengler

Sullivan & Fengler
Fort Lauderdale, FL
July 27, 2026

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND 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") (a nonprofit organization) compliance with the types of compliance requirements described in the *Florida Department of Financial Servies' 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, 2025. 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.

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 project for the year ended December 31, 2025.

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 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 about 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 *Rules of the Auditor General, Florida Single Audit Act* will always detect 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 as a whole.

In performing an audit in accordance with generally accepted auditing standards and Chapter 10,650 *Rules of the Auditor General, Florida Single Audit Act*, 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 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 *Rules of the Auditor General, Florida Single Audit Act*, 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 program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 have not been 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 *Rules of the Auditor General, Florida Single Audit Act*, this report is not suitable for any other purpose.

Sullivan & Fengler

Sullivan & Fengler
Fort Lauderdale, FL
July 27, 2026

PLACE OF HOPE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of Financial Statement Opinion	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified	No
Significant deficiency (ies) identified	No
Noncompliance material to the financial statements noted	No
Management letter issued	No

State Projects

Internal control over major programs:	
Material weakness(es) identified	No
Significant deficiency (ies) identified	No
Type of auditors' opinion issued on compliance for the major state project	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.656, *Rules of the Florida Auditor General*	No
Identification of major project:	
State of Florida Department of Children and Families - Services to Victims of Sexual Exploitation	CFSA 60.152
The dollar threshold used to distinguish Type A and Type B programs was	$750,000
Auditee qualified as low risk	No

Section II - Financial Statement Findings

See page 23.

Section III - State Projects Findings and Questioned Costs

No matters were reported. No management letter issued for the year ending December 31, 2025.

Section IV - Prior Year

See page 22.