Hope Haven Association, Inc. and Subsidiary

(a non-profit organization)
Jacksonville, Florida

Consolidated Financial Statements
September 30, 2023 and 2022

Hope Haven Association, Inc. and Subsidiary
(a non-profit organization)
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hope Haven Association, Inc. and Subsidiary
Jacksonville, Florida

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Hope Haven Association, Inc. and Subsidiary (a non-profit organization), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities, consolidated statements of functional expenses and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Hope Haven Association, Inc. and Subsidiary as of September 30, 2023 and 2022, 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Hope Haven Association, Inc. and Subsidiary 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.

Responsibility of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hope Haven Association, Inc. and Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibility for the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 Hope Haven Association, Inc. and Subsidiary'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 Hope Haven Association, Inc. and Subsidiary'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 consolidated financial statements as a whole. The accompanying schedule of the source and status of funds received from the City of Jacksonville, Florida as required by the City of Jacksonville Municipal Ordinance Code, Chapter 118.202(e), is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 December 18, 2023 on our consideration of Hope Haven Association, Inc. and Subsidiary'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 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 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 Hope Haven Association, Inc. and Subsidiary's internal control over financial reporting and compliance.

December 18, 2023

Hope Haven Association, Inc. and Subsidiary
(a non-profit organization)
Consolidated Statements of Financial Position
September 30, 2023 and 2022

ASSETS

	2023	2022
Current Assets		
Cash and cash equivalents	$ 894,369	$ 1,237,167
Grants receivable	44,325	61,200
Client receivable	188,390	103,655
Investments	1,995,863	1,440,277
Prepaid expenses	75,240	72,879
Total Current Assets	3,198,187	2,915,178
Property and Equipment		
Land, buildings and equipment, net	2,993,943	3,034,687
Right-of-use lease assets - operating leases, net	28,330	-
Total proeprty and equipment	3,022,273	3,034,687
Other assets		
Cemetery plots	1,800	1,800
Total Assets	$ 6,222,260	$ 5,951,665

LIABILITIES AND NET ASSETS

	2023	2022
Current Liabilities		
Accounts payable	$ 23,039	$ 23,755
Accrued payroll and payroll taxes	42,979	60,003
Other accrued expenses	128,027	95,773
Current portion of long-term debt	21,610	20,357
Current portion of operating lease obligations	5,365	-
Total Current Liabilities	221,020	199,888
Noncurrent Liabilities		
Long-term debt	10,074	36,269
Operating lease obligations, less current portion	23,064	-
	33,138	36,269
Total Liabilities	254,158	236,157
Net Assets		
Without donor restrictions	5,804,541	5,420,808
With donor restrictions	163,561	294,700
Total net assets	5,968,102	5,715,508
Total Liabilities and Net Assets	$ 6,222,260	$ 5,951,665

See auditor's report and accompanying notes to the consolidated financial statements.

Hope Haven Association, Inc. and Subsidiary
(a non-profit organization)
Consolidated Statements of Activities and Changes in Net Assets
For the year ended September 30, 2023

	Without Donor Restricted	With Donor Restricted	Total
Public support:			
Hope Haven Foundation Trust contributions	$ 654,280	$ -	$ 654,280
Public contributions	90,790	-	90,790
Grants	1,566,845	163,561	1,730,406
Net assets released for restrictions	294,700	(294,700)	-
Total public support	2,606,615	(131,139)	2,475,476
Other revenues:			
Program fees	1,672,738	-	1,672,738
Interest income	103,001	-	103,001
Other income	432,244	-	432,244
Total other revenue	2,207,983	-	2,207,983
Total revenues	4,814,598	(131,139)	4,683,459
Expenditures:			
Program services	3,552,315	-	3,552,315
Management and general	657,920	-	657,920
Fundraising	214,122	-	214,122
Total expenditures	4,424,357	-	4,424,357
Increase (decrease) in net assets before other changes	390,241	(131,139)	259,102
Other changes in net assets:			
Loss on disposal of assets	(3,871)	-	(3,871)
Net realized/unrealized loss on investments	(2,637)	-	(2,637)
Change in Net Assets	383,733	(131,139)	252,594
Net Assets, beginning of year	5,420,808	294,700	5,715,508
Net Assets, end of year	$ 5,804,541	$ 163,561	$ 5,968,102

See auditor's report and accompanying notes to the consolidated financial statements.

Hope Haven Association, Inc. and Subsidiary
(a non-profit organization)
Consolidated Statements of Activities and Changes in Net Assets
For the year ended September 30, 2022

	Without Donor Restricted	With Donor Restricted	Total
Public support:			
Hope Haven Foundation Trust contributions	$ 750,000	$ -	$ 750,000
Public contributions	170,498	-	170,498
Grants	1,306,442	463,665	1,770,107
Net assets released for restrictions	295,159	(295,159)	-
Total public support	2,522,099	168,506	2,690,605
Other revenues:			
Program fees	1,171,291	-	1,171,291
Interest income	35,587	-	35,587
Other income	54,267	-	54,267
Total other revenue	1,261,145	-	1,261,145
Total revenues	3,783,244	168,506	3,951,750
Expenditures:			
Program services	2,910,538	-	2,910,538
Management and general	372,893	-	372,893
Fundraising	324,998	-	324,998
Total expenditures	3,608,429	-	3,608,429
Increase (decrease) in net assets before other changes	174,815	168,506	343,321
Other changes in net assets:			
Forgiveness of PPP loan	375,900	-	375,900
Net realized/unrealized gain (loss) on investments	(79,352)	-	(79,352)
Change in Net Assets	471,363	168,506	639,869
Net Assets, beginning of year	4,949,445	126,194	5,075,639
Net Assets, end of year	$ 5,420,808	$ 294,700	$ 5,715,508

See auditor's report and accompanying notes to the consolidated financial statements.

Hope Haven Association, Inc. and Subsidiary
(a non-profit organization)
Consolidated Statement of Functional Expenses
For the year ended September 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 1,933,309	$ 310,402	$ 94,991	$ 2,338,702
Payroll taxes	138,070	30,162	6,149	174,381
Fringe benefits	157,370	34,378	7,009	198,757
	2,228,749	374,942	108,149	2,711,840
Occupancy	479,982	35,076	10,310	525,368
Financial assistance	365,213	-	-	365,213
Professional services and fees	125,539	76,548	64,877	266,964
Telecommunications	75,760	12,398	7,230	95,388
Insurance	-	66,563	-	66,563
Bank and broker fees	15,158	43,697	868	59,723
Supplies	46,636	423	6,659	53,718
Printing	17,636	1,687	6,446	25,769
Staff development	18,988	2,760	1,599	23,347
Repair and maintenance	10,108	1,657	418	12,183
Travel expenses	3,844	560	208	4,612
Postage	210	310	341	861
Other expenses	5,082	14,650	291	20,023
	3,392,905	631,271	207,396	4,231,572
Depreciation	159,410	26,649	6,726	192,785
	$ 3,552,315	$ 657,920	$ 214,122	$ 4,424,357

See auditor's report and accompanying notes to the consolidated financial statements.

Hope Haven Association, Inc. and Subsidiary
(a non-profit organization)
Consolidated Statement of Functional Expenses
For the year ended September 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 1,712,337	$ 218,796	$ 158,612	$ 2,089,745
Payroll taxes	133,534	16,166	12,120	161,820
Fringe benefits	166,534	20,161	15,116	201,811
	2,012,405	255,123	185,848	2,453,376
Professional services and fees	219,067	32,567	85,496	337,130
Financial assistance	152,941	-	-	152,941
Occupancy	111,066	5,493	3,642	120,201
Telecommunications	65,310	8,163	9,820	83,293
Supplies	52,219	613	5,540	58,372
Insurance	42,174	10,689	3,754	56,617
Bank and broker fees	13,307	20,292	1,963	35,562
Printing	23,422	2,524	7,935	33,881
Repair and maintenance	18,026	1,652	1,134	20,812
Staff development	16,658	1,144	2,802	20,604
Travel expenses	10,035	737	675	11,447
Postage	641	97	344	1,082
Other expenses	8,451	12,884	1,246	22,581
	2,745,722	351,978	310,199	3,407,899
Depreciation	164,816	20,915	14,799	200,530
	$ 2,910,538	$ 372,893	$ 324,998	$ 3,608,429

See auditor's report and accompanying notes to the consolidated financial statements.

Hope Haven Association, Inc. and Subsidiary
(a non-profit organization)
Consolidated Statements of Cash Flows
For the years ended September 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 252,594	$ 639,869
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	192,785	200,530
Accrued interest on investments	(15,959)	-
Noncash portion of lease expense for operating leases	1,415	-
Forgiveness of PPP loan	-	(375,900)
Loss on disposition of assets	3,871	-
Net realized/unrealized loss on investments	2,637	79,352
Bad debts	6,806	3,130
Change in client receivables	(91,541)	(50,142)
Change in grants receivables	16,875	-
Change in prepaid expenses and other current assets	(2,361)	63,992
Change in accounts payable	(716)	6,893
Change in accrued payroll and payroll taxes	(17,024)	(47,391)
Change in other accrued expenses	32,254	(15,056)
Repayment of operating lease obligations	(1,316)	-
Net cash provided by operating activities	380,320	505,277
Cash flows from investing activities		
Purchase of property and equipment	(155,912)	(15,059)
Proceeds from sale of investments	1,903,001	-
Purchase of investments	(2,445,265)	(21,928)
Net cash used by investing activities	(698,176)	(36,987)
Cash flows from financing activities		
Repayment of long-term debt	(24,942)	(26,088)
Net cash used by financing activities	(24,942)	(26,088)
Increase (decrease) in cash and cash equivalents	(342,798)	442,202
Cash at beginning of year	1,237,167	794,965
Cash at end of year	$ 894,369	$ 1,237,167

See auditor's report and accompanying notes to the consolidated financial statements.

Hope Haven Association, Inc. and Subsidiary
(a non-profit organization)
Consolidated Statements of Cash Flows
For the years ended September 30, 2023 and 2022

	2023	2022
Supplemental disclosers:		
Cash paid for interest	$ 162	$ -
Noncash investing and financing activities:		
Right of Use assets acquired by operating lease obligations	$ (29,746)	$ -
Operating lease obligation assumed to acquire ROU lease assets	29,746	-
	$ -	$ -

See auditor's report and accompanying notes to the consolidated financial statements.

1. Organization

Hope Haven Association, Inc. and Subsidiary (the "Association") was founded in 1926 as a children's hospital until 1981, when the hospital was sold to the Nemours Foundation. The Association continued services to children and their families on an outpatient basis and currently provides a robust suite of educational programs, mental health interventions, and employment services. The Association's mission is to ensure that children and families realize their full potential by providing specialized services and individualized educational opportunities. The Association is governed by a Board of Directors consisting of volunteers from the community.

The Association established Heritage Holdings Association, Inc. ("HHA") a Florida nonprofit corporation, which commenced operations in October 2021. HHA was established under Section 501(c)(2) title-holding corporation and was organized for the purpose of holding title to property, collecting income therefrom, and turning over the entire amount, less expenses to the Association.

2. Summary of Significant Accounting Policies

Basis of Consolidation
The consolidated financial statements include the Association and its subsidiary, HHA. All material inter-organization transactions have been eliminated.

Basis of Accounting
The consolidated financial statements of the Association have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below.

The costs related to the administration of the Association's programs are summarized in the consolidated statement of activities. Personnel and operating expenses that are associated with a specific program are charged directly to that program. Personnel and operating expenses that benefit more than one program are allocated to the various programs, management and general and fundraising based on the relative benefit provided.

Basis of Presentation
The consolidated financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, Not-for-Profit Entities, Presentation of Financial Statements. The Association adopted the provisions of Accounting Standards Update ("ASU") 2016-14: Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities, which improves the current net asset classification and the related information presented in the consolidated financial statements and notes about the Association's liquidity, financial performance, and cash flows.

Use of Estimates
The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and Recognition

Revenue from Exchange Transactions: The Association recognized revenue in accordance with FASB ASU 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

Public support and revenue – The Association recognizes revenue from public support and government grants based upon the terms of the grantor allotment that generally provides that revenues are earned when the allowable costs of the specific grant provisions have been incurred or the performance of services rendered. Such revenues are subject to audit by the grantor and, if the examination results in a deficiency of allowable expenses or services, the Association will be required to refund any deficiencies. Management believes that any potential disallowed costs would be insignificant as of September 30, 2023 and 2022.

Client fees for services – The Association records client services fees when the performance obligation is met, that is, when the service has been provided to the client. Fees are recorded at standard rates or net realizable value per contractual agreements that are reduced based upon the client's financial capabilities and by amounts estimated by management to be non-reimbursable by third-party payers or state programs under the provisions of applicable program payment arrangements. Fees for service are separately priced, no allocation of the transaction price is necessary. The Association recognizes revenue as the client receives the services. Final determination of amounts earned is subject to third party payer audit. Management believes that adequate reserves have been established for potential losses resulting from such audits.

Promises to Give

Unconditional promises to give are recognized as revenue in the period the pledge is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Association uses the allowance method to determine uncollectible promises to give. The allowance is based on management's analysis of specific promises made. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the year in which promises were made.

Accounts and Grant Receivable

Grants, contracts and accounts receivable are stated at the amounts management expects to collect from outstanding balances. If amounts become uncollectible, they will be charged to the program when the determination is made. At September 30, 2023 and 2022, no allowance for doubtful accounts has been recorded.

Contributions

Hope Haven Association, Inc. and Subsidiary reports contributions as with donor restriction or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated Materials, Long-lived Assets, Facilities & Services

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. Long-lived assets or the use facilities are recorded as contributions in the period received at fair value. The Association reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying consolidated financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Association's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

Concentration of Credit Risk

The Association maintains its cash and cash equivalents in several financial institution accounts, which may, at times, exceed the federally insured limit of $250,000 set by the Federal Deposit Insurance Corporation (FDIC). The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash held in such institutions. As of September 30, 2023 and 2022, the uninsured portion of the balances were $330,734 and $590,725.

Statements of Cash Flows

For the purpose of the Consolidated Statements of Cash Flows, the Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments consist primarily of assets invested in marketable equity and debt securities, and money-market accounts. The Association accounts for investments in accordance with the FASB standard for investments held by not-for-profit organizations. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the consolidated Statement of Financial Position. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the consolidated Statement of Changes in Net Assets.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated Statement of Financial Position.

Property and Equipment

The Association capitalizes all expenditures in excess of $5,000 for property and equipment at cost. Contributed property and equipment is recorded at the estimated fair value on the date the gift was acquired. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. Gains and losses on the disposition of fixed assets are recorded as income or loss at the difference between the gross proceeds received and remaining net book value.

Long-lived assets held and used by the Association are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed following generally accepted accounting principles.

Notes Payable

Notes payable are recorded at their outstanding principal amounts.

Tax Status

The Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable organization, whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income taxes. The Association currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

HHA is a not-for-profit organization that is exempt from income taxes under Section 501(c)(2) of the Internal Revenue Code and comparable state law as a charitable organization, whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income taxes. The HHA currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

Allocation of Expenses

The costs of providing comprehensive community services to children and their families and supporting services have been summarized on the Statement of Activities on a functional basis. Most expenses can be directly attributed to the program or supporting functions. Certain categories of expenses are attributed to more than one functional category. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses in this category include operating supplies and expenses, telecommunications, repairs and maintenance, printing, postage, professional services, building occupancy, travel, insurance, staff development, salaries and wages, fringe benefits, and payroll taxes. The basis of allocation of these expenses is based on a percentage of actual expense. The financial statements report expenses by function in the Statement of Functional Expenses.

Paycheck Protection Program

In prior year, the Association received proceeds under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for forgivable loans to qualifying organizations as long as the organization maintains its payroll levels and uses the proceeds for eligible purposes, including payroll, benefits, rent, and utilities, over a covered period. Up to 100% of a loan is forgivable. The forgiveness amount will be reduced if the organization terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The Association intends to use PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period (See Note 7).

On November 23, 2021, the loan was forgiven in its' entirety, including all principal and accrued interest.

Leases

The Organization is a lessee in a non-cancelable operating lease. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. ROU assets for operating and finance leases are amortized on a straight-line basis over the lease term. For leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less or below the Organization's capitalization threshold, for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable.

Right-of-use assets and liabilities as of September 30, 2023 are presented as separate line items on the Organization's statements of financial position.

Accounting Pronouncement Adopted

Effective October 01, 2022, the Organization adopted the provisions of FASB ASC Topic 842 (ASU 2016-02). ASC 842 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the Statement of Financial Position upon the commencement of all leases, except for those with a lease term of twelve months or less or that are below the Organization's capitalization threshold. Leases are classified as either finance leases or operating leases. The standard was adopted under a transition method, as of the date of adoption and elected to apply several of the available practical expedients, including:

- Carryover of historical lease determination and lease classifications conclusions
- Carryover of historical initial direct cost balance for existing leases

- Accounting for lease and non-lease components in contracts in which the Organization is a lessee as a single lease component

In adopting the new lease standard, the Organization elected to use a transition method under which existing leases are measured and capitalized as of the date of adoption, October 1, 2022, in lieu of applying the standard retrospectively. Adoption of the leasing standards resulted in recognition of operating right-of-use assets of $29,746 and operating lease liabilities for $29,746 as of October 1, 2022. These amounts were determined based on the present value of remaining lease payments, discounted using the Organization's 2.87% incremental borrowing rate as of the date of adoption. There was no material impact to the timing of expense on the Organization's Statement of Financial Activities. Prior periods were not restated and continue to be presented under legacy GAAP. Disclosure of the Organization's leasing activities are presented in Note 8.

3. Liquidity

The Association's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, are as follows:

	2023	2022
Cash	$ 599,669	$ 1,110,973
Grants receivable	44,325	61,200
Client receivable	188,390	103,655
Investments	1,995,863	1,440,277
Total financial assets available to meet general expenditures within the next 12 months	$ 2,828,247	$ 2,716,105

As part of the Association's liquidity management, it has a policy to structure financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Association invests cash in excess of current requirements in short-term investments.

4. Fair Value Measurements

Generally accepted accounting principles clarify that fair value is an exit price, representing the amount that would be received to sell an asset in an orderly transaction between market participants. Under this guidance, fair value measurements are not adjusted for transaction costs. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under this guidance are described below.

Level 1
Valuations for assets traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2
Valuations for assets traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or comparable assets, which use observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3
Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The types of instruments valued based on quoted market prices in active markets include most U.S. government and agency securities, liquid mortgage products, active listed equities and most money market securities. Such instruments are generally classified within Level 1 or Level 2 of the fair value hierarchy. As required by this guidance, the Association does not adjust the quoted price for such instruments.

The types of instruments valued based on quoted prices in markets that are not active, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency include most investment-grade and high-yield corporate bonds, less liquid mortgage products, less liquid equities, state, municipal and provincial obligations, and certain physical commodities. Such instruments are generally classified within Level 2 of the fair value hierarchy.

The following tables set forth the Association's assets that were accounted for or disclosed at fair value on a recurring basis as of September 30, 2023.

	Fair Value Measurement at Reporting Date Using			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Corporate bonds	$ 251,350	$ -	$ 251,350	$ -
Fixed income ETP's	233,491	-	233,491	-
Certificates of deposit	1,511,022	-	1,511,022	
	$ 1,995,863	$ -	$ 1,995,863	$ -

The following tables set forth the Association's assets that were accounted for or disclosed at fair value on a recurring basis as of September 30, 2022.

	Fair Value Measurement at Reporting Date Using			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Corporate bonds	$ 1,440,277	$ -	$ 1,440,277	$ -
	$ 1,440,277	$ -	$ 1,440,277	$ -

5. Investments

Fair values of investments are measured on a recurring basis with quoted prices in active markets. The Association's investments consist of fixed income securities.

Investments at September 30, 2023 are summarized as follows:

	Cost	Market Value	Unrealized Gain/(loss)
Corporate bonds	$ 276,597	$ 251,350	$ (25,247)
Fixed income ETP's	255,952	233,491	$ (22,461)
Certificates of deposit	1,515,958	1,511,022	$ (4,936)
	$ 2,048,507	$ 1,995,863	$ (52,644)

Net realized gains on the sale of investment securities for the years ended September 30, 2023 were $30,204. There were no management fees for the years ended September 30, 2023.

Investments at September 30, 2022 are summarized as follows:

	Cost	Market Value	Unrealized Gain/(loss)
Corporate bonds	$ 1,519,629	$ 1,440,277	$ (79,352)
	$ 1,519,629	$ 1,440,277	$ (79,352)

Net realized gains on the sale of investment securities for the years ended September 30, 2022 were $0. There were no management fees for the years ended September 30, 2022.

6. Property and Equipment

Major classes of property and equipment and their estimated useful lives at September 30, 2023 and 2022, are summarized as follows:

	Estimated Useful Life in Years	2023	2022
Land		$ 284,199	$ 284,199
Buildings and leasehold improvements	5 -40	5,216,031	5,158,607
Furniture and equipment	3-10	207,293	144,894
Vehicles	5-10	106,635	106,635
		5,814,158	5,694,335
Accumulated depreciation and amortization		(2,820,215)	(2,659,648)
Net property and equipment		$ 2,993,943	$ 3,034,687

Depreciation expense for the years ending September 30, 2023 and 2022 was $192,785 and $200,530, respectively.

7. Long-term Debt

Long-term debt consists of the following:

	2023	2022
Note payable under the VyStar Small Business Relief Loan Program, interest at 5.99%, payment of interest only for the first twelve months, and then converts to a five year payable in monthly installments of principal and interest. Loan principal can be forgiven up to fifty percent (50%) depending on retaining employment at the 2020 levels as reported to the City of Jacksonville. The Association fully expects 50% of the loan to be forgiven. Principal and interest is payable through April 2025.	$ 31,684	$ 56,626
Current portion	(21,610)	(20,357)
	$ 10,074	$ 36,269

Annual maturities of notes payable for the 2 years subsequent to September 30, 2023 are as follows:

2025	$ 21,610
2026	10,074
	$ 31,684

Interest expense for the years ended September 30, 2023 and 2022 is $162 and $0, respectively.

8. Leases

The Association's leases consist of copier equipment used in the operations of the Association, with various terms under long-term non-cancelable operating lease. The lease expires September 2028. The Association includes in the determination of the right-of-use assets and lease obligations any renewal options when the options are reasonably certain to be exercised.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Association has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. We have applied the risk-free rate option to the copier equipment.

Reported under FASB ASC 842—year ended September 30, 2023:

A summary of total lease cost, by component, and other lease information for the year ended September 30, 2023 follows**:**

	2023
Operating lease cost	$ 1,415
Short-term lease cost	11,388
Total lease cost	$ 12,803

	2023	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow from operating leases	$ (1,415)	
Non-cash transactions		
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 29,746	
Weighted-average remaining lease term:		
Operating leases	5.00	years
Weighted-average discount rate:		
Operating leases	2.87%	

A summary of future undiscounted lease payments for operating leases, reconciled to the lease obligations recorded at September 30, 2023:

Year	Operating leases
2024	$ 6,110
2025	6,110
2026	6,110
2027	6,110
2028	6,110
Total undiscounted lease payments	30,551
Less effects of discounting	(2,122)
Present value of lease obligations	28,429
Less current portion	(5,365)
Long-term lease obligations	$ 23,064

Reported under FASB ASC 840 – year ended September 30, 2022

Operating Leases

The Association accounts for copier equipment as operating leases. Total rent expense for the year ended September 30, 2022 was $19,631.

9. Net Assets with Donor Restrictions

Although restricted contributions typically are reported as support that increases net assets with donor restrictions, they may be reported as support without donor restrictions if the restrictions are met in the same reporting period, the policy is followed consistently, and it is disclosed. Net assets with donor restrictions are for the following purposes:

	2023	2022
Programmatic support	$ 113,735	$ 192,200
Repairs to facility	49,826	40,000
Operational support	-	62,500
	$ 163,561	$ 294,700

10. Net Assets Released from Restrictions

Net assets were released from donor restrictions during 2023 and 2022 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. Net assets released were donated by the following:

	2023	2022
Programmatic support	$ 192,200	$ 231,659
Operational support	62,500	62,500
Playground	-	1,000
Repairs and upgrade to facility	40,000	-
	$ 294,700	$ 295,159

11. Foundation Income

The Hope Haven Foundation (the "Foundation") was created as a perpetual charitable fund by Hope Haven Association, Inc. and Subsidiary on February 3, 1932 to receive gifts, bequests and donations dedicated to the operation, expansion and perpetuation of the purpose of the Association. Funds given to the Foundation are classified by the instructions of the donor.

The Association receives distributions equal to 6% of the lesser of (i) the fair market value of the General Trust Fund assets for twelve consecutive calendar quarters prior to the beginning of that fiscal year.

A substantial amount of the Association's support is in the form of contributions from the Foundation. For the years ended September 30, 2023 and 2022, approximately 14% and 17% of revenue was derived from Foundation contributions, per year.

12. Employee Savings Plan

The Association has an Employee Savings Plan (ESP) whereby the Association will pay eligible employees based on two separate calculations. In one instance, the Association will pay eligible employees 2% of their base (plus overtime) for each pay period during the year. In the other instance, the Association will pay eligible employees a flat $250 paid equally over the course of the year, paid equally over each pay period. Eligible employees are paid under each calculation.

During the years ended September 30, 2023 and 2022, the Association's contributions to the plans totaled $48,520 and $37,898, respectively.

13. Program Expenses

For the purposes of the Consolidated Statement of Functional Expenses, below is a detailed schedule of the program expenses for the year ending September 30, 2023:

	Clinical	Education	Adult Services	Advocacy	Total
Salaries and wages	$ 589,810	$ 974,316	$ 287,663	$ 81,520	$ 1,933,309
Occupancy	118,312	272,946	78,196	10,528	479,982
Financial assistance	207,063	157,154	336	660	365,213
Depreciation	50,401	78,051	23,869	7,089	159,410
Fringe benefits	45,325	76,577	28,325	7,143	157,370
Payroll taxes	39,766	67,186	24,851	6,267	138,070
Professional services and fees	38,534	63,373	18,725	4,907	125,539
Telecommunications	24,860	36,498	11,104	3,298	75,760
Supplies	14,485	22,434	9,633	84	46,636
Staff development	5,027	11,601	1,865	495	18,988
Printing	5,042	9,230	2,914	450	17,636
Bank and broker fees	5,659	7,529	1,684	286	15,158
Repair and maintenance	3,327	4,855	1,485	441	10,108
Travel expenses	1,142	2,010	537	155	3,844
Postage	85	90	27	8	210
Other expenses	1,897	2,524	565	96	5,082
	$1,150,735	$1,786,374	$491,779	$ 123,427	$3,552,315

For the purposes of the Consolidated Statement of Functional Expenses, below is a detailed schedule of the program expenses for the year ending September 30, 2022:

	Clinical	Education	Adult Services	Advocacy	Total
Salaries and wages	$ 522,263	$ 899,662	$ 290,412	$ -	$ 1,712,337
Professional services and fees	66,421	121,275	31,371	-	219,067
Fringe benefits	49,078	81,802	35,654	-	166,534
Depreciation	50,015	85,763	29,038	-	164,816
Financial assistance	52,963	99,978	-	-	152,941
Payroll taxes	39,352	65,592	28,590	-	133,534
Occupancy	25,502	66,209	19,355	-	111,066
Telecommunications	20,514	33,504	11,292	-	65,310
Supplies	10,640	24,062	17,517	-	52,219
Insurance	13,057	21,753	7,364	-	42,174
Printing	5,254	14,939	3,229	-	23,422
Repair and maintenance	5,256	9,282	3,488	-	18,026
Staff development	3,748	10,676	2,234	-	16,658
Bank and broker fees	5,066	3,775	4,466	-	13,307
Travel expenses	3,960	4,820	1,255	-	10,035
Postage	191	339	111	-	641
Other expenses	3,217	2,398	2,836	-	8,451
	$ 876,497	$ 1,545,829	$ 488,212	$ -	$ 2,910,538

14. Subsequent Events

Management has assessed subsequent events through December 18, 2023, the date the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

Hope Haven Association, Inc. and Subsidiary
(a non-profit organization)
Schedule of the Source and Status of Funds
Received from the City of Jacksonville, Florida
For the year ended September 30, 2023

Kids Hope Alliance
Contract Number: 71876-22
Contract Period: 8/1/2022 - 7/31/2023
Award Amount: $367,200

	Budgeted	Actual 8/1/2022 9/30/2022	Actual 10/1/2022 7/31/2023	Remaining Balance
Receipt from City Funds				
City of Jacksonville	$ 367,200	$ -	$ 367,200	$ -
Disbursement of City Funds				
Salaries and benefits	$ 295,500	$ 56,100	$ 239,400	$ -
Rent - Building	71,700	11,950	59,750	-
Total	$ 367,200	$ 68,050	$ 299,150	$ -

Kids Hope Alliance
Contract Number: 70607-23
Contract Period: 8/1/2023 - 5/31/2024
Award Amount: $270,000

	Budgeted	Actual 8/1/2023 9/30/2023	Actual 10/1/2023 5/31/2024	Remaining Balance
Receipt from City Funds				
City of Jacksonville	$ 270,000	$ -	$ -	$ 270,000
Disbursement of City Funds				
Salaries and benefits	$ 270,000	$ 46,275	$ -	$ 223,725
Total	$ 270,000	$ 46,275	$ -	$ 223,725

Hope Haven Association, Inc. and Subsidiary
(a non-profit organization)
Schedule of the Source and Status of Funds
Received from the City of Jacksonville, Florida
For the year ended September 30, 2023

Kids Hope Alliance
Contract Number: 70671-23
Contract Period: 8/1/2023 - 5/31/2024
Award Amount: $270,000

	Budgeted	Actual 8/1/2023 9/30/2023	Actual 10/1/2023 5/31/2024	Remaining Balance
Receipt from City Funds				
City of Jacksonville	$ 125,000	$ -	$ -	$ 125,000
Disbursement of City Funds				
Salaries and benefits	$ 125,000	$ -	$ -	$ 125,000
Total	$ 125,000	$ -	$ -	$ 125,000

RALSTON & COMPANY
certified public accountants

R. BRUCE SHEALY
KEVIN M. FRITZ
JON E. CORNAIRE
MICHAEL R. RITCH
GREGORY S. LACINA

ROBERT E. RALSTON
(1921 - 1986)

BERT J. PITTMAN, JR.
(1944 - 2019)

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

To the Board of Directors
Hope Haven Association, Inc. and Subsidiary
Jacksonville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to consolidated financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Hope Haven Association, Inc. and Subsidiary (a non-profit organization), which comprise the consolidated statement of financial position as of September 30, 2023, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 18, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Hope Haven Association, Inc. and Subsidiary's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hope Haven Association, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of Hope Haven Association, Inc. and Subsidiary'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hope Haven Association, Inc. and Subsidiary's consolidated 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 consolidated 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.

December 18, 2023