Place of Hope, Inc.

Financial Statements
For the Year Ended December 31, 2022

Keefe McCullough
CPAs + Trusted Advisors

Place of Hope, Inc.

Financial Statements
For the Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Place of Hope, Inc.

Opinion

We have audited the accompanying financial statements of Place of Hope, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
August 23, 2023

FINANCIAL STATEMENTS

Keefe McCullough
CPAs + Trusted Advisors

Place of Hope, Inc.
Statement of Financial Position
December 31, 2022

Assets:		
Cash and cash equivalents	$	6,051,469
Investments		19,109,938
Grants and contracts receivable		422,907
Promises to give, net		1,521,180
Prepaid expenses and other assets		250,447
Due from related party		19,783
Property and equipment, net		15,900,087
Right-of-use asset, net		546,142
Total assets	$	43,821,953
Liabilities:		
Accounts payable and accrued expenses	$	471,599
Refundable advances		602,516
Lease liability		546,142
Deferred compensation		160,000
Total liabilities		1,780,257
Net Assets:		
Without donor restrictions:		
Undesignated		29,367,176
Designated		4,975,545
With donor restrictions:		
Purpose restrictions		7,698,975
Total net assets		42,041,696
Total liabilities and net assets	$	43,821,953

The accompanying notes to financial statements are an integral part of these statements.

Place of Hope, Inc.
Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Contributions	$ 9,054,870	$ 6,638,285	$ 15,693,155
Grants and contracts	2,532,348	-	2,532,348
Contributed nonfinancial assets	113,267	-	113,267
Donated facilities	11,000	-	11,000
Total public support and revenues	11,711,485	6,638,285	18,349,770
Net assets released from restrictions	11,457	(11,457)	-
Total public support, revenues and net assets released from restrictions	11,722,942	6,626,828	18,349,770
Expenses:			
Program services	7,261,714	-	7,261,714
Supporting services:			
Management and general	566,125	-	566,125
Fundraising	1,130,224	-	1,130,224
Total supporting services	1,696,349	-	1,696,349
Total expenses	8,958,063	-	8,958,063
Net operating revenue	2,764,879	6,626,828	9,391,707
Other Income (Expenses):			
Transfers from other nonprofit organizations	6,668,729	-	6,668,729
Loss on disposal of property and equipment	(4,155)	-	(4,155)
Net investment income (loss)	(2,858,613)	(204,809)	(3,063,422)
Total other income	3,805,961	(204,809)	3,601,152
Change in net assets	6,570,840	6,422,019	12,992,859
Net Assets, beginning of year	27,771,881	1,276,956	29,048,837
Net Assets, end of year	$ 34,342,721	$ 7,698,975	$ 42,041,696

The accompanying notes to financial statements are an integral part of these statements.

Place of Hope, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2022

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Personnel Costs:				
Salaries	$ 3,061,727	$ 213,609	$ 284,812	$ 3,560,148
Employee benefits and payroll taxes	598,314	45,069	52,538	695,921
Total personnel costs	3,660,041	258,678	337,350	4,256,069
Other Expenses:				
Bank charges and fees	43,604	43,603	-	87,207
Dues and subscriptions	17,008	17,008	-	34,016
Event and activity expenses		-		
(including $ 37,767 in-kind donations)	380,802	-	721,129	1,101,931
Insurance	368,610	7,574	3,138	379,322
Licenses, permits, and taxes	17,447	-	-	17,447
Miscellaneous expenses	20,617	-	-	20,617
Office supplies and other	213,649	60,702	31,385	305,736
Outreach	277,977	-	-	277,977
Printing and reproduction	66,858	22,286	22,286	111,430
Professional fees	218,011	28,654	1,734	248,399
Promotional expenses (including $ 62,500 of in-kind donations)	198,345	24,706	805	223,856
Provision for depreciation	557,895	49,591	12,397	619,883
Regulatory compliance	40,082	-	-	40,082
Rent (including $ 11,000 of in-kind donations)	86,001	-	-	86,001
Repairs and maintenance	346,235	24,623	-	370,858
Residents support (including $ 13,000 of in-kind donations)	379,540	-	-	379,540
Telephone	21,816	2,424	-	24,240
Training and development	5,734	-	-	5,734
Travel (program advancement)	34,934	11,644	-	46,578
Utilities	306,508	14,632	-	321,140
Total other expenses	3,601,673	307,447	792,874	4,701,994
Total expenses	$ 7,261,714	$ 566,125	$ 1,130,224	$ 8,958,063

The accompanying notes to financial statements are an integral part of these statements.

Place of Hope, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2022

Cash Flows from Operating Activities:	
Change in net assets	$ 12,992,859
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Transfers from other nonprofit organization, net of cash acquired	(6,584,184)
Amortization of right-of-use asset	65,539
Provision for depreciation	619,883
Loss on disposal of property and equipment	4,155
Net realized and unrealized (gains) losses on investments	3,333,022
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Grants and contracts receivable	(191,254)
Promises to give, net	(1,521,180)
Prepaid expenses and other assets	(53,531)
Due from related party	559,081
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	41,089
Refundable advances	263,606
Lease liability	(65,539)
Deferred compensation	40,000
Net cash provided by (used in) operating activities	9,503,546
Cash Flows from Investing Activities:	
Proceeds from sales of investments	2,776,538
Purchases of property and equipment	(683,816)
Purchases of investments	(10,361,318)
Net cash provided by (used in) investing activities	(8,268,596)
Cash Flows from Financing Activities:	
Payments on line of credit	(128)
Net increase (decrease) in cash and cash equivalents	1,234,822
Cash and Cash Equivalents, beginning of year	4,816,647
Cash and Cash Equivalents, end of year	$ 6,051,469

The accompanying notes to financial statements are an integral part of these statements.

Note 1 - Organization and Operations

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

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

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

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

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

- Joann's Cottage (Maternity Home), a shelter located at the campus of Village of Hope of Palm Beach County, Inc. (Note 11), includes up to ten (10) private rooms to be used as a maternity home for mothers and is currently licensed for up to twelve (12) individuals.

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

Note 1 - Organization and Operations (continued)

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

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

The Organization partners with its affiliate organizations, Village of Hope of Palm Beach County, Inc. (“Village”), Treasures for Hope, Inc. d/b/a Peninsula Social Enterprises (“Treasures”), and The Place of Hope at the Haven Campus, Inc. d/b/a The Place of Hope at the Leighan and David Rinker Campus (“Haven”) (Note 11). Village, a not-for-profit entity incorporated in 2006, provides a residential campus which may serve up to fifty-four (54) young adults on a daily basis who have “aged out” (eighteen years old) of the foster care system or who are otherwise found homeless. Treasures, a not-for-profit entity incorporated in 2012, operates a social enterprise to support the activities of the Organization and Village. Haven, a nonprofit entity incorporated in 2013, provides real estate and other property and equipment to the Organization and Village in furtherance of their respective missions.

Note 2 - Summary of Significant Accounting Policies

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

Basis of presentation: The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) 2016-14 Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

Cash and cash equivalents: The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments: Investments primarily include equity securities, common stocks, fixed income securities, exchange traded funds (ETFs), and mutual funds. Investments are stated at their estimated fair value. Realized/unrealized gains and losses in fair value are recognized and are included in the accompanying statement of activities.

Promises to give: The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques based on the Organization's expected rate of return. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Consequently, the Organization had approximately $ 400,000 of conditional promises to give, pertaining to a matching challenge, that have not been recognized in the accompanying statement of activities as of December 31, 2022.

Allowance for doubtful accounts: Management periodically reviews grants and contracts receivable and promises to give and provides an allowance for accounts which may be uncollectible. At December 31, 2022, management considered the grants and contracts receivable balance and promises to give to be fully collectible within the current accounting period and no allowance for doubtful accounts was considered necessary.

Property and equipment: Property and equipment are carried at cost if purchased or, if donated, at estimated fair value on the date of donation, less accumulated depreciation. The Organization's policy is to provide for depreciation using the straight-line method over the estimated useful life of each type of asset which is as follows:

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

Donations of property and equipment are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as an increase to net assets with donor restrictions. Without donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying net assets with donor restrictions to net assets without donor restrictions at that time.

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

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

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

Donated goods and services: 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 individual with those skills, and would otherwise have been purchased. Donated goods are recorded at their estimated fair market value when received. Donated equipment is capitalized at its estimated fair market value at the date of donation and depreciated over the estimated useful life of the asset.

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

In 2022, the Organization adopted FASB Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842), as amended. This guidance is intended to improve financial reporting of lease transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than 12 months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Organization elected the modified retrospective transition method, presenting the impact of ASU 2016-02 in the current year of adoption only, with the cumulative effect of initially applying the guidance recognized at the beginning of the current year. This did not result in a change to net assets as of January 1, 2022. The Organization also elected the package of practical expedients that permits no reassessment of whether any expired or existing contracts are or contain a lease, the lease classification for any expired or existing leases, and any initial direct costs for any existing leases as of the effective date.

As a result of implementing this standard, the Organization recognized (a) operating lease liabilities representing the value of the remaining lease payments discounted using the Organization’s weighted average discount rate of 1.64% totaling approximately $ 612,000 and (b) an operating right-of-use-asset of approximately $ 612,000 as of January 1, 2022.

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

Concentration of credit risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents, receivables, and investments. The Organization has cash in financial institutions that is insured by the Federal Deposit Insurance Corporation ("FDIC"). At various times throughout the year, the Organization may have cash balances at financial institutions that exceed the insured amount. The concentration of credit risk with respect to receivables is primarily due to the economic dependency in federal, state, and other agencies and the ability to obtain authorization, process and collect balances timely. The Organization does not require collateral or other security to support receivables. Investments are held in brokerage accounts protected by the Securities Investor Protection Corporation ("SIPC") in the event of broker-dealer failure, the Organization has up to $ 500,000 of protection for each brokerage account. The SIPC insurance does not protect against market losses on investments. Deposit and investment accounts are maintained with what management believes to be quality financial institutions.

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Date of management's review: Management has evaluated subsequent events through August 23, 2023 which is the date the financial statements were available for issuance.

Note 3 - Liquidity and Availability

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

Financial Assets:		
Cash and cash equivalents	$	6,051,469
Investments		19,109,938
Grant and contracts receivable		422,907
Promises to give, net		1,521,180
Due from related parties		19,783
Financial assets at year-end		27,125,277
Less those unavailable for general expenditures within one year, due to:		
Promises to give collectible beyond one year, net (Note 5)		(921,180)
Contractual or donor-imposed restrictions making financial assets unavailable for general expenditure		(6,177,795)
Board designated endowments, primarily for long-term investing		(4,975,545)
Financial assets available within one year to meet cash needs for general expenditures within one year	$	15,050,757

From time-to-time the board may approve the utilization of board designated funds for general operations, based on the needs of the Organization. In the event of an unanticipated liquidity need, the Organization could draw upon its available line of credit (Note 7).

Note 4 - Investments

In accordance with the Statement of Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) No. 820, *Fair Value Measurements and Disclosures,* the Organization has defined and established a framework for measuring fair value and expanded disclosures about fair value measurements. Various inputs are used in determining the fair value of the Organization's investments. These inputs are summarized in three levels listed below:

- Level 1 - inputs are quoted prices (unadjusted) in active markets for identical investments that the Organization has the ability to access at the measurement date.
- Level 2 - inputs are inputs other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly (e.g. quoted prices in active markets for similar securities, valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices).
- Level 3 - inputs are unobservable inputs for the investments (e.g. information about assumptions, including risk, market participants would use in pricing a security).

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

Fair values of investments, held by the Organization are classified at December 31, 2022 as follows:

	Level 1	Level 2	Level 3	Total
Fixed income	$ 6,127,789	$ 2,500,727	$ -	$ 8,628,516
Equity and other mutual funds	7,171,750	-	-	7,171,750
Common stocks	2,075,206	-	-	2,075,206
International equity funds	671,991	-	-	671,991
Alternatives, hedge funds and commodities	382,753	-	-	382,753
Community Foundation fund	-	179,722	-	179,722
Total	$ 16,429,489	$ 2,680,449	$ -	$ 19,109,938

Investment income (loss) relative to these investments and others held and sold during the year is comprised of:

Interest and dividend income	$ 397,198
Net realized/unrealized gains (losses)	(3,333,022)
Fees	(127,598)
	$ (3,063,422)

Note 5 - Promises to Give

Promises to give, at December 31, 2022, are summarized as follows:

Receivable in less than one year	$ 600,000
Receivable in two to four years	1,000,000
Total unconditional pledges at face value	1,600,000
Less: unamortized discount	(78,820)
	$ 1,521,180

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

Note 6 - Property and Equipment

Property and equipment consists of the following at December 31, 2022:

Buildings and improvements	$ 13,904,162
Land improvements	1,313,562
Furniture, fixtures, and office equipment	567,768
Vehicles	691,995
Machinery and equipment	460,407
	16,937,894
Less: accumulated depreciation	5,929,784
	11,008,110
Land	4,534,601
Construction in progress	357,376
	$ 15,900,087

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

Note 7 - Line of Credit

The Organization has a $ 1,345,000 revolving line of credit from a bank due on demand. The line of credit bears a variable interest rate based on the Secured Overnight Financing Rate plus a fixed spread adjustment of 0.110% plus 1.50% (5.672% at December 31, 2022). The line of credit is collateralized by certain assets of the Organization. There was no outstanding balance on this line of credit at December 31, 2022.

Note 8 - Leases

The right-of-use asset and corresponding liability associated with future lease payments at December 31, 2022 are as follows:

		Operating
Right -of-use assets	$	546,142
Lease liability	$	546,142
Weighted average		
Discount rate		1.64%
Remaining lease term (years)		7.75

Total lease cost reported in the consolidated statement of operations for the year ended December 31, 2022 was approximately $75,000.

Operating lease payments are expected to be paid approximately as follows:

Year Ending December 31,		
2023	$	75,000
2024		75,000
2025		75,000
2026		75,000
2027		75,000
Thereafter		206,000
		581,000
Less: Present Value Discount		(35,000)
	$	546,000

Note 9 - Commitments and Contingencies

Grants and contracts: Funding agreements for services to be provided are generally entered into on an annual basis. The release of funds is subject to monies made available by the federal government, State of Florida, and certain other grantor agencies. 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.

Note 10 – Contributed Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets for the year ended December 31, 2022:

Advertising	$	62,500
Equipment rentals		37,767
Program support		13,000
	$	113,267

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

Note 11 - Related Party Transactions (Note 1)

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

The Organization is related to Village through common board members and management. The Organization also provides support in the form of donated services and contributions for the general operations of Village. The Organization provided in-kind services of approximately $ 143,000, in-kind facilities of approximately $ 209,000, and contributed approximately $ 117,000 to Village during the year ended December 31, 2022. In addition, at December 31, 2022, the Organization had an amount due from Village of approximately $ 20,000, related to expense reimbursements. This amount bears no interest and there is no established repayment schedule.

The Organization is related to Treasures through common board members and management. The Organization also provides support in the form of donated services for the general operations of Treasures. The Organization provided in-kind services of approximately $ 134,000 to Treasures during the year ended December 31, 2022. In addition, the Organization received equipment of approximately $ 11,000 from Treasures which is reported as transfers from other nonprofit organizations.

The Organization is related to Haven through common board members and management. During the year, the Organization contributed approximately $ 20,000 to Haven for property improvements and approximately $ 9,000 for expense reimbursements. Previously, the Organization entered into a 10-year lease agreement for use of Haven's facilities to further a significant portion of their program services. In consideration of the lease, the Organization will make annual payments of $ 1 through May 2030. In addition, the Organization is also responsible for any utilities, taxes, repairs, and maintenance in relation to these facilities. For the year ended December 31, 2022, the Organization recorded approximately $ 11,000 of in-kind revenue and expense, related to the lease. The Organization donates this space to Villages through a lease agreement that expires in May 2030.

Note 11 - Related Party Transactions (Note 1) (continued)

During the year, the Organization received contributions and deferred revenue totaling approximately $ 182,000 from Palm Beach Gardens Christ Fellowship Church, Inc. ("Christ Fellowship"). The Organization and Christ Fellowship are related through certain common board members. In addition, the Organization received contributions totaling approximately $ 1,379,000, including promises to give, from various members ("members") of the Board of Directors and its members related entities. Promises to give outstanding with members totaled approximately $ 400,000 at December 31, 2022.

Note 12 - Net Assets with Donor Restrictions

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

Subject to the passage of time:		
Promises to give, net	$	1,521,180
Subject to expenditure for specified purpose:		
Construction		5,117,105
Student scholarships		1,060,690
Total	$	7,698,975

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

Satisfaction of purpose restrictions:		
Student scholarships	$	11,457

Note 13 - Designated Unrestricted Net Assets

As of December 31, 2022, the Board of Directors had designated $ 4,975,545 for funds to support the future operations of the Organization.

The Organization recognizes the following Board designated funds:

Paxson Endowment	$	1,876,284
The Stack Family Endowment		938,138
In Memory of Jesus Endowment		675,457
Brett Harris Weinstein Memorial Endowment		647,294
Anna Turri Endowment		694,551
Kazma Endowment		143,821
	$	4,975,545

Note 13 - Designated Unrestricted Net Assets (continued)

These funds have been invested as follows:

Common stocks	$	1,153,576
Equity and other mutual funds		1,886,629
Fixed income mutual funds		1,183,981
International equity funds		383,223
Alternatives and hedge funds		191,775
Cash and cash equivalents		176,361
	$	4,975,545

Note 14 – Employee Benefit Plans

401(k) Plan: Previously, the Organization entered into a safe harbor 401k plan offered to eligible employees. Employee contributions are based upon the amount of compensation each participant elects to defer yearly, which may be "before tax" and are limited only by certain provisions of the Internal Revenue Code. The Organization provides a 100% match of up to 4% of the employees' eligible earnings. The total 401(k) plan expense for the Organization for the year ended December 31, 2022 amounted to approximately $ 79,000. Subsequent to year end, the Organization amended the plan to increase the employer match to 5% of eligible earnings.

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, 2022 was $ 40,000. As of December 31, 2022, the total amount approved by the Organization's Board of Directors amounted to $ 160,000.

Note 15 - Supplemental Cash Flows Information

Supplemental disclosure of cash flow information for noncash financing and investing activities are as follows:

Acquisition of property and equipment -		
Cost of property and equipment	$	7,043,751
Less contributed property and equipment		(6,359,935)
Cash paid for property and equipment	$	683,816
Acquisition of investments -		
Cost of investments	$	10,585,567
Less contributed investments		(224,249)
Cash paid for investments	$	10,361,318

Note 16 – Acquisitions of Nonprofit Organizations

On July 26, 2022, the Organization acquired certain assets of KidSanctuary Campus, Inc. (“KidSanctuary”). The Organization believes this will allow Place of Hope to continue to provide safe homes for abused, abandoned and neglected children. As a result of this transaction, the Organization obtained investments and real property from KidSanctuary totaling approximately $ 4,546,000 and continues KidSanctuary’s operation of foster care housing in Palm Beach County, Florida. The amount received is reported as transfers from other nonprofit organizations in the accompanying statement of activities.

On February 28, 2022, the Organization acquired certain assets of Samaritan House for Boys, Inc. (“Samaritan House”). The Organization believes this will allow Place of Hope to continue to provide residential and early intervention programs for at risk children. As a result of this transaction, the Organization obtained real property from Samaritan House totaling approximately $ 2,363,000 and paid off an existing mortgage totaling approximately $ 250,000 and continues Samaritan House’s operation of foster care housing in Martin County, Florida. The net amount received is reported as transfers from other nonprofit organizations in the accompanying statement of activities.

Note 17 - Subsequent Event

Subsequent to year end, the Organization became a member of the Place of Hope Foundation, Inc. (the “Foundation”), a nonprofit entity formed for the purpose of supporting Villages, Treasures, and the Organization and transferred certain investments of the Organization to the Foundation.