

**REACHUP, Inc.**

Financial Statements

May 31, 2023 and 2022

And

Reports of Independent  
Certified Public Accountants



**REACHUP, INC.  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
REACHUP, Inc.  
Tampa, Florida

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of REACHUP, Inc. (the Organization), which comprise the statements of financial position as of May 31, 2023 and 2022 and the related statements of activities, and cash flows for the years then ended, and the statement of functional expenses for the year ended May 31, 2023, 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 REACHUP, Inc. as of May 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, 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 Financial Statements section of our report. We are required to be independent of REACHUP, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about REACHUP, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**CONTINUED**

## INDEPENDENT AUDITOR'S REPORT - CONTINUED

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of REACHUP, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about REACHUP, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

### ***Report on Summarized Comparative Information***

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**CONTINUED**

## INDEPENDENT AUDITOR'S REPORT - CONTINUED

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2023 on our consideration of REACHUP, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of REACHUP, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering REACHUP, Inc.'s internal control over financial reporting and compliance.

*PDR CPAs + Advisors*

Oldsmar, Florida  
October 11, 2023

**REACHUP, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**MAY 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b><u>ASSETS</u></b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 595,655	\$ 1,059,933
Grants receivable	450,484	610,373
Prepaid expenses	15,589	-
Investments	223,158	-
Right-of-use asset - operating lease	286,778	-
Property and equipment, net	12,061	19,997
<b>Total Assets</b>	<b>\$ 1,583,725</b>	<b>\$ 1,690,303</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 50,197	\$ 52,129
Accrued expenses	217,989	178,762
Deferred revenue	334,017	422,518
Lease liability - operating lease	289,555	-
<b>Total Liabilities</b>	891,758	653,409
<b>Net Assets</b>		
Without donor restrictions	691,967	1,036,894
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,583,725</b>	<b>\$ 1,690,303</b>

See accompanying notes to financial statements

**REACHUP, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED MAY 31, 2023 AND 2022**

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	<u>2023</u>	<u>2022</u>
<b>Operating Support and Revenue</b>		
Federal, state, and local grant revenue	\$ 3,965,466	\$ 4,309,195
Foundations and other grants	751,782	560,684
Contributions	130,534	177,366
Investment income (loss)	<u>6,514</u>	<u>(221)</u>
<b>Total operating support and revenue</b>	4,854,296	5,047,024
<b>Operating Expenses</b>		
Program services	4,422,879	4,375,365
Supporting services	<u>776,344</u>	<u>487,187</u>
<b>Total operating expenses</b>	<u>5,199,223</u>	<u>4,862,552</u>
<b>Change in Net Assets</b>	(344,927)	184,472
<b>Net Assets at Beginning of Year</b>	<u>1,036,894</u>	<u>852,422</u>
<b>Net Assets at End of Year</b>	<u>\$ 691,967</u>	<u>\$ 1,036,894</u>

**See accompanying notes to financial statements**

**REACHUP, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED MAY 31, 2023**  
**(WITH COMPARATIVE TOTALS FOR 2022)**

	Program Services				Supporting Services			2023	2022
	Healthy Start/ Nurse Family Partnership	Special Delivery Doula/BIHPI Get Smart	Other	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 1,253,197	\$ 482,520	\$ 1,029,160	\$ 2,764,877	\$ 428,681	\$ -	\$ 428,681	\$ 3,193,558	\$ 2,971,902
Employee benefits	183,559	61,181	147,697	392,437	21,442	-	21,442	413,879	347,881
Retirement contribution	23,039	7,851	16,623	47,513	2,971	-	2,971	50,484	44,218
Program consultants	19,760	14,684	6,483	40,927	9,172	-	9,172	50,099	62,060
Payroll taxes	93,174	35,369	80,960	209,503	32,145	-	32,145	241,648	219,209
Education/training	65,567	2,880	50,521	118,968	472	1,350	1,822	120,790	137,521
Postage and printing	8,796	3,473	6,333	18,602	993	2,596	3,589	22,191	20,833
Travel and meetings	26,147	14,269	29,088	69,504	30,065	-	30,065	99,569	36,888
Insurance	11,835	3,665	4,670	20,170	2,369	-	2,369	22,539	25,839
Information technology	23,342	4,825	31,621	59,788	36,646	-	36,646	96,434	141,528
Utilities	4,749	2,186	1,423	8,358	1,646	-	1,646	10,004	8,720
Telephone	29,584	11,520	19,845	60,949	6,300	-	6,300	67,249	77,040
Supplies	185	-	-	185	3,243	68,832	72,075	72,260	57,823
Contract expenses	92,309	88,167	124,181	304,657	73,351	470	73,821	378,478	380,497
Professional fees	10,706	4,777	8,523	24,006	1,090	37	1,127	25,133	22,791
Dues and subscriptions	4,216	23	349	4,588	185	-	185	4,773	4,632
Office expense	117,401	3,926	25,993	147,320	13,194	7,482	20,676	167,996	166,274
Occupancy	73,253	29,825	25,349	128,427	20,676	-	20,676	149,103	119,741
Advertising	1,700	-	400	2,100	3,000	-	3,000	5,100	3,628
Interest Expense	-	-	-	-	-	-	-	-	4,874
Depreciation	-	-	-	-	7,936	-	7,936	7,936	8,653
<b>Total Functional Expenses</b>	<b>\$ 2,042,519</b>	<b>\$ 771,141</b>	<b>\$ 1,609,219</b>	<b>\$ 4,422,879</b>	<b>\$ 695,577</b>	<b>\$ 80,767</b>	<b>\$ 776,344</b>	<b>\$ 5,199,223</b>	<b>\$ 4,862,552</b>

See accompanying notes to financial statements



**REACHUP, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED MAY 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (344,927)	\$ 184,472
<b>Adjustments to reconcile change in net assets to net cash used in operating activities:</b>		
Depreciation	7,936	8,653
Realized and unrealized (gain) loss	(140)	-
Noncash operating lease expense	2,777	-
<b>(Increase) decrease in operating assets:</b>		
Grants receivable	159,889	(19,433)
Prepaid expenses and other assets	(15,589)	10,300
<b>Increase (decrease) in operating liabilities:</b>		
Accounts payable	(1,932)	3,048
Accrued expenses	39,227	31,560
Deferred revenue	(88,501)	43,565
Refundable advance - PPP	-	(375,348)
	(241,260)	(113,183)
<b>Net cash used in operating activities</b>		
<b>Cash Flows from Investing Activities:</b>		
Purchase of investments	(406,148)	-
Proceeds from sales of investments	183,130	-
Purchase of property and equipment	-	(18,344)
	(223,018)	(18,344)
<b>Cash used in operating activities</b>		
<b>Net Decrease in Cash</b>	(464,278)	(131,527)
<b>Cash and cash equivalents at Beginning of Year</b>	1,059,933	1,191,460
<b>Cash and cash equivalents at End of Year</b>	\$ 595,655	\$ 1,059,933
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ -	\$ 4,874

See accompanying notes to financial statements

**REACHUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

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**NOTE A - NATURE OF ORGANIZATION**

REACHUP, Inc. (the Organization) was incorporated in Florida on March 7, 2006. The mission of the Organization is to advocate for and mobilize resources to help communities achieve equality in healthcare and positive health for families. The vision of the Organization is to be known as a nationally recognized center of excellence, assisting in creating a community where there is equality in healthcare and health for all families. The Organization's vision and mission are supported financially by various organizations including Health and Human Services/Health Resource Service Administration, Healthy Start Coalition of Hillsborough County, Inc., and the Children's Board of Hillsborough County. REACHUP Foundation, Inc. (the Foundation) is an affiliate of the Organization, but is not controlled, and, therefore, is not included within these financial statements. The Foundation is a 501(c)(3) not-for-profit corporation whose purpose is to provide charitable and educational aid to the Organization and other not-for-profit organizations in the community.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization has no net assets with donor restrictions as of May 31, 2023 and May 31, 2022.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of the net assets without donor restrictions class. Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional.

**REACHUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Measure of Operations**

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services. Nonoperating activities, if any, are limited to other activities considered to be of a more unusual or nonrecurring nature.

**Summarized Comparative Information**

The accompanying financial statements include certain prior year summarized comparative total amounts. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended May 31, 2022, from which the summarized information was derived.

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates included in the financial statements include management's estimate of the allocation of expenses by function and useful lives of depreciable assets.

**Cash and Cash Equivalents**

Cash and cash equivalents consists of cash on deposit with financial institutions. The Organization classifies all highly liquid assets with an initial maturity of three months or less as cash.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash held in financial institutions in excess of federally insured limits. From time to time the Organization's cash balance may have exceeded the federally insured limit. However, the Organization has not experienced and does not expect to incur any losses in such accounts.

**Grants Receivable**

Grants receivable represent amounts due from various federal, state, and local agencies for purposes specified by each grant. Management monitors the collection status of its receivable balance on an ongoing basis. Grants receivable include \$127,836 and \$225,003 of amounts accrued but not yet invoiced at May 31, 2023 and 2022, respectively. Management considers all receivables to be collectible. As such, an allowance for doubtful accounts is not recorded in the accompanying financial statements.

**REACHUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Property and Equipment**

Property and equipment are recorded at cost when acquired. Depreciation is provided at rates calculated to amortize the cost of the assets over their estimated useful lives using the straight-line method. The lives used in computing depreciation range from 3-7 years. Donated assets are recorded at the estimated fair value at date of receipt.

Expenditures for maintenance, repairs, minor renewals, and betterments which do not improve or extend the useful life of the respective asset are expensed. All other expenditures for renewals and betterments in excess of \$5,000 are capitalized. The assets and related depreciation accounts are adjusted for property retirements and disposals with the resulting gain or loss included in income. Fully depreciated assets remain in the accounts until retired from service.

Property acquired with grant funds is considered owned by the Organization while used in the program for which it is purchased or in future authorized programs; however, its disposition as well as the ownership of any proceeds from it is subject to applicable regulations.

**Revenue Recognition**

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

Federal, state, and local government and other public grants are considered conditional contributions and are recognized as support when performance occurs pursuant to the contract agreement. Payments received under these grants are deferred until earned. Revenue is earned and recognized in the financial statements when eligible expenses are incurred, services are performed, or objectives are met.

**Advertising Costs**

Advertising costs are expensed as incurred and were approximately \$5,100 and \$3,600 for the years ended May 31, 2023 and 2022, respectively, and are included in the statement of functional expenses.

**REACHUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Functional Allocation of Expenses**

The costs of providing services have been detailed in the statement of functional expenses and summarized on a functional basis in the statements of activities. Expenses are charged to program or supporting service based on specific identification when possible. Certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis. Allocation methods included time and effort and allocation based on full-time equipment. The expenses that are allocated include the following:

Salaries	Utilities
Employee benefits	Telephone
Retirement contribution	Supplies
Payroll taxes	Contract services
Postage and printing	Education/Training
Travel and meetings	Office expense
Insurance	Occupancy
Information technology	

**Fair Value Measurements**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on a measurement date. When measuring fair value, a fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs. There are three levels of inputs that may be used to measure fair value:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the 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.

**REACHUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Income Tax Status**

The Organization is recognized by the Internal Revenue Service as an organization described under Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal taxes on related income.

**Uncertain Tax Positions**

The Organization accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. The Organization has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Organization has determined that such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. The Organization’s federal returns are generally open for examination for three years following the date filed.

**Investments**

Investments in debt and equity securities and mutual funds are stated at fair market value in the statements of financial position. Investment income or loss (including gains or losses on investments, interest, and dividends) is included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

**Leases**

The Organization has operating leases for office space and equipment. The determination of whether an arrangement is a lease is made at the lease’s inception. Under ASC 842, the Financial Accounting Standards Board’s Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassess its determination if the terms or conditions of the contract are changed.

Operating leases are included in operating lease right-of-use (ROU) assets and lease liabilities in the accompanying statements of financial position.

**REACHUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Leases - Continued**

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate in the lease when it is readily determinable. To determine the present value of lease payments, management has elected to use a risk free rate at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense is recognized on a straight-line basis over the lease term.

The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. The Organization has determined these extensions are not reasonably certain to be elected and therefore these extensions are not included in the lease calculations.

For leases with an initial term of 12 months or less, an ROU asset and lease liability is not recognized and lease expense is recognized on a straight-line basis over the lease term.

**Adoption of New Accounting Standards**

*Leases*

Effective June 1, 2022, the Organization adopted Topic 842 and additional ASUs issued to clarify and update the guidance in ASU 2016-02 (collectively, the "new leases standard"). The new leases standard modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing arrangements.

The Organization adopted the new leases standard utilizing the modified retrospective transition method, under which amounts in the prior periods presented were not restated. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allows it to carry forward any historical lease classification. Upon adoption, the Organization recorded \$419,829 of right-of-use (ROU) assets and \$419,829 of lease liabilities on its statements of financial position. The adoption of the new leases standard did not have a material impact on the Organization's results of operations or cash flows.

**REACHUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

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**NOTE C - AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets at May 31:

	<u>2023</u>	<u>2022</u>
Financial Assets:		
Cash and cash equivalents	\$ 595,655	\$ 1,059,933
Grants receivable	450,484	610,373
Investments	<u>223,158</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,269,297</u>	<u>\$ 1,670,306</u>

As part of a cash and liquidity management policy, the Organization structures its financial assets to be available as its operating expenses, liabilities and other obligations become due. Additionally, excess cash is routinely invested in money market accounts to increase investment earnings which is readily convertible into cash to manage any unanticipated liquidity needs. In addition, as described in **NOTE E**, the Organization has a \$75,000 line-of-credit available for use.

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at May 31:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 134,768	\$ 134,768
Software	<u>10,000</u>	<u>10,000</u>
	144,768	144,768
Less accumulated depreciation	<u>(132,707)</u>	<u>(124,771)</u>
	<u>\$ 12,061</u>	<u>\$ 19,997</u>

**NOTE E - LINE-OF-CREDIT**

The line-of-credit permits borrowing up to \$75,000, bearing interest at a prime rate plus 1% (8.25% at May 31, 2023). The line-of-credit is due on demand, expires in November 2023 and is collateralized by the business assets of the Organization. There was no outstanding balance at May 31, 2023 or 2022. The Organization had \$75,000 available for use at May 31, 2023 and 2022.



**REACHUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

**NOTE F - INVESTMENTS**

Investments consist of the following at May 31, 2023:

	2023	
	Cost	Fair Value
Cash	\$ 58,018	\$ 58,018
Mutual funds	164,665	165,140
	\$ 222,683	\$ 223,158

The following summarizes investment income reflected in the statements of activities for the year ended May 31, 2023:

	2023
Interest and dividends	\$ 6,388
Realized losses	(335)
Unrealized losses	475
Investment expense	(14)
Net investment income	\$ 6,514

**NOTE G - FAIR VALUE MEASUREMENT**

The Organization's investments are reported at fair value in the accompanying statements of financial position. Following is a description of valuation methodologies used for investments measured at fair value:

Mutual funds are valued at the closing price reported on an actively traded exchange. These are included as level 1 measurements in the tables below.

Fair values of assets measured on a recurring basis at May 31, 2023 are as follows:

Description:	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value
Assets:				
Mutual funds	\$ 164,665	\$ -	\$ -	\$ 164,665

**REACHUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

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**NOTE H - LEASES**

The Organization leases office space and equipment under an operating lease agreements that expires through 2027. Variable payments are not determinable at the lease commencement and are not included in the measurement of the lease assets and liabilities. The lease agreements do not include any material residual value guarantees or restrictive covenants.

The future payments due under operating leases as of May 31, 2023 is as follows:

<u>Payments Due In:</u>	<u>Amount</u>
2024	\$ 146,381
2025	142,358
2026	7,318
2027	<u>1,829</u>
Total undiscounted cash flows	297,886
Less: present value discount	<u>(8,331)</u>
Total lease liabilities	<u>\$ 289,555</u>

As of May 31, 2023, the weighted-average remaining lease term for the Organization's operating leases is 2.1 years, and the weighted-average discount rate associated with the operating leases is 2.85%. Rent expense for the Organization's operating leases for the year ended May 31, 2023 was approximately \$143,000. Cash paid in connection with the operating leases was approximately \$140,200 for the year ended May 31, 2023. Rent expense incurred by the Organization for short-term leases for the year ended May 31, 2023 was approximately \$2,370.

Rent expense for the year ended May 31, 2022 was \$136,000 reported under the previous lease accounting standard.

**NOTE I - PROFIT SHARING PLAN**

The Organization maintains a 401(k)-profit sharing plan which covers all eligible employees. Eligible employees can defer up to 90% of their annual salaries, up to the statutory limit. The Organization matches employee contributions up to 3% of the employee's compensation. Additionally, the Organization may elect to contribute a nonelective contribution of 2% of compensation for each eligible employee. All employee funds are 100% vested and employer matching funds are 100% vested after five years of service. During the years ended May 31, 2023 and 2022, expenses associated with the plan amounted to approximately \$50,500 and \$44,200, respectively.

**REACHUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2023 AND 2022**

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**NOTE J - CONCENTRATION OF RISK AND CONTINGENCIES**

The Organization receives a substantial amount of support from granting agencies. Approximate revenue concentrations as a percentage of federal, state, and local grant revenue are as follows:

<u>Granting Agency</u>	<u>Percentage</u>	
	<u>2023</u>	<u>2022</u>
U.S. Department of Health and Human Services	19%	29%
Healthy Start Coalition of Hillsborough County	48%	40%
Children's Board of Hillsborough County	<u>18%</u>	<u>18%</u>
	<u>85%</u>	<u>87%</u>

At May 31, 2023 and May 31, 2022, 83% and 84% of grants receivable were due from the above three agencies

**NOTE K - CONTINGENCIES AND UNCERTAINTIES**

Expenditures incurred by the Organization under cost reimbursement grants are subject to audit and possible disallowance by the grantor agency. In the event that reimbursed expenditures were disallowed, repayments would be required. Management believes that if audited, any adjustments for disallowed expenses would be immaterial in amount.

**NOTE L - SUBSEQUENT EVENTS**

The Organization evaluated its May 31, 2023 financial statements for subsequent events through October 11, 2023, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events, which would require recognition or disclosures in the financial statements.

## **SUPPLEMENTARY INFORMATION**

**REACHUP, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED MAY 31, 2023**

<u>Federal Agency</u> <u>Pass-Through Entity</u> <u>Federal Program</u>	<u>FALN</u> <u>Number</u>	<u>Contract/</u> <u>Pass-Through Entity</u> <u>Identifying Number</u>	<u>Expenditures</u>	<u>Passed through</u> <u>to Subrecipients</u>
<b>U.S. Department of Health and Human Services</b>				
Healthy Start Initiative - Eliminating Racial/Ethnic Disparities	93.926	H49MC12793	\$ 883,900	\$ 82,263
<u>Passed-through Healthy Start Coalition of Hillsborough County, Inc.</u>				
Child Abuse and Neglect State Grants	93.669	#ECA-C13-SA-HSC-FY22-RUP	268,201	-
Medical Assistance Program Medicaid; Title XIX (Medicaid Cluster)	93.778	GFA089-03 FP76-13-03 1MIECHV-2122HIL RUP	370,263 54,066 <u>26,621</u> 450,950	- - - -
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	93.870	1ARP-2122HIL RUP 1ARP-2223HIL RUP 1MIECHV-2223HIL RUP 1MIECHV-2122HIL RUP	109,889 883 523,844 <u>296,798</u> 931,414	- - - - -
Maternal and Child Health Service Block Grant to the States	93.994	COSGGA-03	<u>1,798</u> 1,652,363	- -
<b>Total U.S. Department of Health and Human Services</b>			<u>2,536,263</u>	<u>82,263</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,536,263</u>	<u>\$ 82,263</u>

See accompanying notes to schedule of expenditures of federal awards

**REACHUP, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED MAY 31, 2022**

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**BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of REACHUP, Inc. under programs of the federal government for the year ended May 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of REACHUP, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of REACHUP, Inc.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**INDIRECT COST RATE**

REACHUP, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**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  
REACHUP, Inc.  
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of REACHUP, Inc. (the Organization), which comprise the statement of financial position as of May 31, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 11, 2023.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered REACHUP, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of REACHUP, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the REACHUP, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**CONTINUED**

**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* - CONTINUED**

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether REACHUP, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PDR CPAs + Advisors*

Oldsmar, Florida  
October 11, 2023





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
REACHUP, Inc.  
Tampa, Florida

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited REACHUP, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of REACHUP, Inc.'s major federal programs for the year ended May 31, 2023. REACHUP, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, REACHUP, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to REACHUP, Inc.'s federal programs.

**CONTINUED**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE -  
CONTINUED**

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on REACHUP, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about REACHUP, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and *the* Uniform Guidance, we:

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

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

**CONTINUED**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE -  
CONTINUED**

***Report on Internal Control over Compliance***

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PDR CPAs + Advisors*

Oldsmar, Florida  
October 11, 2023

**REACHUP, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL PROGRAMS**  
**YEAR ENDED MAY 31, 2023**

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**Part I - Summary of Auditor's Results**

**Financial Statements Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?     yes   X   no

Significant deficiency(ies) identified not considered to be material weakness(es)?     yes   X   none reported

Noncompliance material to financial statements noted?     yes   X   no

**Federal Awards Section**

Internal control over major federal programs:

Material weakness(es) identified?     yes   X   no

Significant deficiency(ies) identified not considered to be material weakness(es)?     yes   X   none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR part 200.516(a) of the Uniform Guidance?     yes   X   no

Identification of major federal programs:

Federal Programs:

FALN Numbers	Name of Program or Cluster
93.870	Maternal, Infant, and Early Childhood Home Visiting Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:  
 Federal programs

\$ 750,000

Auditee qualified as low-risk auditee for federal purposes?   X   yes     no

**REACHUP, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL PROGRAMS - CONTINUED**  
**YEAR ENDED MAY 31, 2023**

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**Part II - Schedule of Financial Statement Findings**

This section identifies the significant deficiencies, material weakness, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no reportable findings.

**Part III - Federal Award Findings and Questioned Costs**

This section identifies the significant deficiencies, material weakness, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance.

There were no reportable findings.

**Part IV - Summary Schedule of Prior Audit Findings**

A Summary Schedule of Prior Audit Findings is not necessary since there were no prior audit findings related to a major federal program.