

# **REACHUP, Inc.**

## Financial Statements

May 31, 2022 and 2021

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, 2022 and 2021 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, 2022, 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, 2022 and 2021, 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 13, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**CONTINUE**

### **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 13, 2022 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 13, 2022

**REACHUP, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**MAY 31, 2022 AND 2021**

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	<b>2022</b>	<b>2021</b>
<b><u>ASSETS</u></b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 1,059,933	\$ 1,191,460
Grants receivable	610,373	590,940
Prepaid expenses and other assets	-	10,300
Property and equipment, net	19,997	10,306
<b>Total Assets</b>	<b>\$ 1,690,303</b>	<b>\$ 1,803,006</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 52,129	\$ 49,081
Accrued expenses	178,762	147,202
Deferred revenue	422,518	378,953
Refundable advance - PPP	-	375,348
<b>Total Liabilities</b>	653,409	950,584
<b>Net Assets</b>		
Without donor restrictions	1,036,894	852,422
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,690,303</b>	<b>\$ 1,803,006</b>

**See accompanying notes to financial statements**

**REACHUP, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED MAY 31, 2022 AND 2021**

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	<u>2022</u>	<u>2021</u>
<b>Operating Support and Revenue</b>		
Federal, state, and local grant revenue	\$ 4,309,195	\$ 3,782,088
Foundations and other grants	560,684	309,554
Contributions	177,366	65,587
Other	(221)	2,135
	<u>5,047,024</u>	<u>4,159,364</u>
<b>Operating Expenses</b>		
Program services	4,375,365	3,943,349
Supporting services	487,187	381,128
	<u>4,862,552</u>	<u>4,324,477</u>
<b>Total operating support and revenue</b>	5,047,024	4,159,364
<b>Change in Net Assets Before Other Changes</b>	184,472	(165,113)
<b>Other Changes - Revenue (Expense)</b>		
Paycheck Protection Program	-	233,452
	<u>-</u>	<u>233,452</u>
<b>Total other changes</b>	-	233,452
<b>Change in Net Assets</b>	184,472	68,339
<b>Net Assets at Beginning of Year</b>	<u>852,422</u>	<u>784,083</u>
<b>Net Assets at End of Year</b>	<u>\$ 1,036,894</u>	<u>\$ 852,422</u>

See accompanying notes to financial statements

**REACHUP, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED MAY 31, 2022**  
**(WITH COMPARATIVE TOTALS FOR 2021)**

	<u>Program Services</u>			<u>Total Program Services</u>	<u>Supporting Services</u>	<u>Total</u>	
	<u>Healthy Start/ Nurse Family Partnership</u>	<u>Special Delivery Doula/BIHPI Get Smart</u>	<u>Other</u>			<u>2022</u>	<u>2021</u>
Salaries	\$ 1,458,600	\$ 412,710	\$ 803,402	\$ 2,674,712	\$ 297,190	\$ 2,971,902	\$ 2,854,799
Employee benefits	155,227	50,358	107,508	313,093	34,788	347,881	328,646
Retirement contribution	22,363	5,835	11,598	39,796	4,422	44,218	47,230
Program consultants	26,749	18,475	10,630	55,854	6,206	62,060	57,359
Payroll taxes	107,922	30,747	58,619	197,288	21,921	219,209	212,441
Education/training	58,793	10,355	54,621	123,769	13,752	137,521	63,965
Postage and printing	11,082	2,613	5,055	18,750	2,083	20,833	23,683
Travel and meetings	10,533	10,505	12,161	33,199	3,689	36,888	16,611
Insurance	15,568	3,303	4,384	23,255	2,584	25,839	25,173
Information technology	87,530	4,067	35,778	127,375	14,153	141,528	69,812
Utilities	4,081	1,847	1,920	7,848	872	8,720	6,730
Telephone	37,419	15,184	16,733	69,336	7,704	77,040	49,072
Supplies	185	37	51,819	52,041	5,782	57,823	16,616
Contract expenses	161,796	85,310	95,341	342,447	38,050	380,497	260,782
Professional fees	12,334	3,080	5,098	20,512	2,279	22,791	19,863
Dues and subscriptions	3,992	123	54	4,169	463	4,632	1,757
Office expense	134,185	3,104	12,358	149,647	16,627	166,274	83,485
Occupancy	69,923	27,110	9,439	106,472	13,270	119,742	170,186
Advertising	3,628	-	-	3,628	-	3,628	2,823
Interest Expense	-	-	4,387	4,387	487	4,874	-
Depreciation	-	-	7,787	7,787	865	8,652	13,444
<b>Total Functional Expenses</b>	<b>\$ 2,381,910</b>	<b>\$ 684,763</b>	<b>\$ 1,308,692</b>	<b>\$ 4,375,365</b>	<b>\$ 487,187</b>	<b>\$ 4,862,552</b>	<b>\$ 4,324,477</b>

See accompanying notes to financial statements



**REACHUP, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED MAY 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 184,472	\$ 68,339
<b>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:</b>		
Depreciation	8,653	13,444
Paycheck Protection Program	-	(233,452)
<b>(Increase) decrease in operating assets:</b>		
Grants receivable	(19,433)	(94,019)
Prepaid expenses and other assets	10,300	(10,300)
<b>Increase (decrease) in operating liabilities:</b>		
Accounts payable	3,048	16,728
Accrued expenses	31,560	19,401
Deferred revenue	43,565	236,029
Refundable advance - PPP	(375,348)	-
<b>Net cash (used in) provided by operating activities</b>	<b>(113,183)</b>	<b>16,170</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(18,344)	-
<b>Net (Decrease) Increase in Cash</b>	<b>(131,527)</b>	<b>16,170</b>
<b>Cash at Beginning of Year</b>	<b>1,191,460</b>	<b>1,175,290</b>
<b>Cash at End of Year</b>	<b>\$ 1,059,933</b>	<b>\$ 1,191,460</b>

See accompanying notes to financial statements

**REACHUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2022 AND 2021**

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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, 2022 and May 31, 2021.

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, 2022 AND 2021**

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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, 2021, 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. 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, 2022 AND 2021**

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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**

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. Deferred revenue represents grant funding received but not yet expended.

The Organization elected to account for the Paycheck Protection Program monies as an in substance government grant and applied accounting aligned with conditional contributions. Accordingly, revenue is recognized when substantially all the conditions associated with forgiveness are met.

**Advertising Costs**

Advertising costs are expensed as incurred and were approximately \$3,600 and \$2,800 for the years ended May 31, 2022 and 2021, respectively, and are included in the statement of functional expenses.

**In-Kind Donations**

Donated items are recorded as support at their fair value at the date of donation. The Children's Board of Hillsborough County provides the Organization space for operation of certain program services. Contributed rent is recognized as in-kind contribution revenue and occupancy expense.

**REACHUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2022 AND 2021**

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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. 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. Expenses are charged to program or supporting service based on specific identification when possible. The expenses that are allocated include the following:

**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.

**Reclassifications**

Certain items in the financial statements for the year ended May 31, 2021 were reclassified to conform with the presentation of the financial statements for the year ended May 31, 2022. These reclassifications had no impact on net assets at May 31, 2021.

**REACHUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2022 AND 2021**

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**NOTE C - AVAILABILITY AND LIQUIDITY**

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

	<u>2022</u>	<u>2021</u>
Financial Assets:		
Cash and cash equivalents	\$ 1,059,933	\$ 1,191,460
Grants receivable	<u>610,373</u>	<u>590,940</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,670,306</u>	<u>\$ 1,782,400</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>2022</u>	<u>2021</u>
Furniture and equipment	\$ 134,768	\$ 126,424
Software	<u>10,000</u>	<u>-</u>
Less accumulated depreciation	<u>(124,771)</u>	<u>(116,118)</u>
	<u>\$ 19,997</u>	<u>\$ 10,306</u>

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

The line-of-credit permits borrowing up to \$75,000, bearing interest at a prime rate plus 1% (6.50% at May 31, 2022). 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, 2022 or 2021. The Organization had \$75,000 available for use at May 31, 2022 and 2021.

**REACHUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2022 AND 2021**

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**NOTE F - NOTE PAYABLE**

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In April 2020, the Organization obtained a PPP loan for \$608,800.

The Organization elected to treat the PPP loan as a conditional contribution. Accordingly, during 2021, the Organization used the loan for qualifying expenses in the amount of \$233,452 and recognized revenue of that amount. The remaining portion of the loan that was not utilized is shown as a refundable advance in the accompanying statements of financial position in the amount of \$375,348, at May 31, 2021. In August 2021, \$233,452 was forgiven and \$375,348 was refunded to the original lender.

**NOTE G - LEASES**

The Organization leases office space and equipment under non-cancelable operating leases expiring at various times through August, 2026. The total rental expense for the years ending May 31, 2022 and 2021 was approximately \$136,000 and \$131,000, respectively, and is included in occupancy expense in the accompanying statement of functional expenses.

Future minimum lease payments under non-cancelable operating leases (with initial or remaining terms in excess of one year) are as follows:

<u>Years Ending May 31,</u>	<u>Amount</u>
2023	\$ 8,518
2024	8,218
2025	7,318
2026	7,318
2027	<u>1,829</u>
Total minimum lease payments	<u>\$ 33,201</u>

**NOTE H - IN-KIND DONATIONS**

The Organization was donated facility space for the operation of a certain program that was completed in September 2020. The donated space required no consideration due and therefore is considered an in-kind donation. The total fair value of the donated facility space for the year ended May 31, 2021 is \$30,370, and is included in federal, state, and local grant revenue in the accompanying statements of activities and occupancy expense in the accompanying statement of functional expenses.

**REACHUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2022 AND 2021**

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**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, 2022 and 2021, expenses associated with the plan amounted to approximately \$44,200 and \$47,200, respectively.

**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>2022</u>	<u>2021</u>
U.S. Department of Health and Human Services	29%	28%
Healthy Start Coalition of Hillsborough County	40%	40%
Children's Board of Hillsborough County	<u>18%</u>	<u>22%</u>
	<u>87%</u>	<u>90%</u>

At May 31, 2022, 84% of grants receivable were due from the above three agencies. At May 31, 2021, 89% of grants receivable were due from 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, 2022 financial statements for subsequent events through October 13, 2022, 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, 2022**

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<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	\$ 1,401,710	\$ 92,885
<i>Passed-through Healthy Start Coalition of Hillsborough County, Inc.</i>				
Child Abuse and Neglect State Grants	93.669	#1DCCP-1922HIL-RUP	133,360	-
	93.669	#ECA-C13-SA-HSC-FY22-RUP	134,270	-
			267,630	-
Medical Assistance Program Medicaid; Title XIX (Medicaid Cluster)	93.778	FP76-13-03	215,915	-
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	93.870	1ARP-2122HIL-RUP	875,166	-
Maternal and Child Health Service Block Grant to the States	93.994	1DOHNFP-2122HIL-RUP	1,697	-
			1,360,408	-
<b>Total U.S. Department of Health and Human Services</b>			<u>2,762,118</u>	<u>92,885</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,762,118</u>	<u>\$ 92,885</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, 2022. 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, 2022, 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 13, 2022.

**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 13, 2022



**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, 2022. 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, 2022.

***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**

REACHUP, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL PROGRAMS  
YEAR ENDED MAY 31, 2022

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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 13, 2022



**REACHUP, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL PROGRAMS**  
**YEAR ENDED MAY 31, 2022**

**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  no

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

Noncompliance material to financial statements noted?  yes  no

**Federal Awards Section**

Internal control over major federal programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified not considered to be material weakness(es)?  yes  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  no

Identification of major federal programs:

Federal Programs:

FALN Numbers	Name of Program or Cluster
	U.S. Department of Health and Human Services
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?  yes  no

**REACHUP, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL PROGRAMS - CONTINUED**  
**YEAR ENDED MAY 31, 2022**

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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.