

REACHUP, Inc.

Financial Statements

May 31, 2025 and 2024

And

Reports of Independent
Certified Public Accountants



**REACHUP, INC.
TABLE OF CONTENTS**

INDEPENDENT AUDITOR'S REPORT3 - 5

Financial Statements for the Years Ended May 31, 2025 and 2024:

Statements of Financial Position 6

Statements of Activities 7

Statement of Functional Expenses 8

Statements of Cash Flows 9

Notes to Financial Statements 10 - 17

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards 19

Notes to Schedule of Expenditures of Federal Awards..... 20

**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** 21 - 22

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**..... 23 - 25

Schedule of Findings and Questioned Costs 26 - 27



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, 2025 and 2024 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, 2025, 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, 2025 and 2024, 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 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2024, 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 November 14, 2025 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
November 14, 2025

REACHUP, INC.
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2025 AND 2024

	2025	2024
<u>ASSETS</u>		
Assets		
Cash and cash equivalents	\$ 2,629,981	\$ 2,563,210
Grants receivable	703,179	619,707
Prepaid expenses	25,844	20,000
Right-of-use asset - operating lease	8,993	149,876
Property and equipment, net	30,809	48,783
Total Assets	\$ 3,398,806	\$ 3,401,576
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable	\$ 34,908	\$ 138,197
Accrued expenses	166,513	108,831
Deferred revenue	100,000	150,527
Lease liability - operating lease	8,993	149,254
Total Liabilities	310,414	546,809
Net Assets		
Without donor restrictions	3,088,392	2,854,767
Total Liabilities and Net Assets	\$ 3,398,806	\$ 3,401,576

See accompanying notes to financial statements

REACHUP, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED MAY 31, 2025 AND 2024

	2025	2024
Operating Support and Revenue		
Federal, state, and local grant revenue	\$ 5,036,032	\$ 4,208,614
Foundations and other grants	149,489	2,699,235
Contributions	38,354	101,576
Investment income (loss)	81,518	24,179
Other	1,793	6,267
Total operating support and revenue	5,307,186	7,039,871
Operating Expenses		
Program services	4,567,114	4,381,483
Supporting services	506,447	495,588
Total operating expenses	5,073,561	4,877,071
Change in Net Assets	233,625	2,162,800
Net Assets at Beginning of Year	2,854,767	691,967
Net Assets at End of Year	\$ 3,088,392	\$ 2,854,767

See accompanying notes to financial statements

REACHUP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	Program Services				Supporting Services		
	Healthy Start/ Nurse Family Partnership	Special Delivery Doula/BIHPI Get Smart	Other	Total Program Services	Management and General	Total 2025	Total 2024
Salaries	\$ 1,742,598	\$ 760,583	\$ 368,211	\$ 2,871,392	\$ 337,772	\$ 3,209,164	\$ 2,992,794
Employee benefits	188,986	96,558	63,016	348,560	38,728	387,288	381,102
Retirement contribution	29,467	11,295	6,158	46,920	5,213	52,133	54,309
Program consultants	136,741	-	21	136,762	-	136,762	43,781
Payroll taxes	135,269	58,024	28,714	222,007	24,668	246,675	232,433
Education/training	134,744	7,565	30,334	172,643	9,199	181,842	137,129
Postage and printing	12,597	5,231	1,048	18,876	2,098	20,974	19,902
Travel and meetings	46,894	10,966	1,697	59,557	6,160	65,717	88,783
Insurance	12,152	5,554	2,572	20,278	2,253	22,531	31,707
Information technology	61,789	16,236	31,624	109,649	-	109,649	125,123
Utilities	5,421	2,774	945	9,140	4,300	13,440	10,577
Telephone	28,742	15,240	10,526	54,508	-	54,508	52,139
Supplies	-	-	4,841	4,841	537	5,378	86,296
Contract expenses	102,128	113,846	77,103	293,077	32,563	325,640	314,993
Professional fees	-	-	-	-	28,083	28,083	22,164
Dues and subscriptions	6,375	125	107	6,607	77	6,684	13,807
Office expense	30,431	7,011	1,322	38,764	2,786	41,550	98,542
Occupancy	87,830	41,061	6,105	134,996	10,140	145,136	153,715
Miscellaneous	-	-	-	-	-	-	12,123
Advertising	2,000	333	27	2,360	73	2,433	124
Depreciation	12,358	-	3,819	16,177	1,797	17,974	5,528
Total Functional Expenses	\$ 2,776,522	\$ 1,152,402	\$ 638,190	\$ 4,567,114	\$ 506,447	\$ 5,073,561	\$ 4,877,071

See accompanying notes to financial statements

REACHUP, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2025 AND 2024

	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	\$ 233,625	\$ 2,162,800
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,974	5,528
Noncash operating lease expense	622	(3,399)
(Increase) decrease in operating assets:		
Grants receivable	(83,472)	(169,223)
Prepaid expenses and other assets	(5,844)	(4,411)
Increase (decrease) in operating liabilities:		
Accounts payable	(103,289)	88,000
Accrued expenses	57,682	(109,158)
Deferred revenue	(50,527)	(183,490)
	66,771	1,786,647
Net cash provided by operating activities		
Cash Flows from Investing Activities:		
Cash paid for purchase of software	-	(42,250)
Proceeds from sales of investments	-	223,158
	-	180,908
Cash provided by investing activities		
	66,771	1,967,555
Net Increase in Cash		
	2,563,210	595,655
Cash and cash equivalents at Beginning of Year		
	\$ 2,629,981	\$ 2,563,210
Cash and cash equivalents at End of Year		
	\$ 2,629,981	\$ 2,563,210

See accompanying notes to financial statements

REACHUP, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2025 AND 2024

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, 2025 and May 31, 2024.

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, 2025 AND 2024

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, 2024, 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 \$83,791 and \$271,500 of amounts accrued but not yet invoiced at May 31, 2025 and 2024, respectively. Management considers all receivables to be collectible. As such, an allowance for uncollectible amounts is not recorded in the accompanying financial statements.

REACHUP, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2025 AND 2024

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 3-5 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 \$2,433 and \$124 for the years ended May 31, 2025 and 2024, respectively, and are included in the statement of functional expenses.

REACHUP, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2025 AND 2024

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	Supplies
Employee benefits	Contract services
Retirement contribution	Education/Training
Payroll taxes	Office expense
Postage and printing	Occupancy
Travel and meetings	Program consultants
Insurance	Dues and subscriptions
Information technology	Miscellaneous
Professional fees	Advertising
Utilities	Depreciation
Telephone	

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.

REACHUP, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2025 AND 2024

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

REACHUP, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2025 AND 2024

NOTE C - AVAILABILITY AND LIQUIDITY

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

	<u>2025</u>	<u>2024</u>
Financial Assets:		
Cash and cash equivalents	\$ 2,629,981	\$ 2,563,210
Grants receivable	<u>703,179</u>	<u>619,707</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,333,160</u>	<u>\$ 3,182,917</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>2025</u>	<u>2024</u>
Furniture and equipment	\$ 134,768	\$ 134,768
Software	<u>52,250</u>	<u>52,250</u>
	187,018	187,018
Less accumulated depreciation	<u>(156,209)</u>	<u>(138,235)</u>
	<u>\$ 30,809</u>	<u>\$ 48,783</u>

NOTE E - LINE-OF-CREDIT

The line-of-credit permits borrowing up to \$75,000, bearing interest at a prime rate plus 1% (7.5% at May 31, 2025). The line-of-credit is due on demand, expires in November 2026 and is collateralized by the business assets of the Organization. There was no outstanding balance at May 31, 2025 or 2024. The Organization had \$75,000 available for use at May 31, 2025 and 2024.

REACHUP, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2025 AND 2024

NOTE F - LEASES

The Organization leases office space and equipment under 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, 2025 is as follows:

<u>Payments Due In:</u>	<u>Amount</u>
2026	\$ 7,318
2027	<u>1,829</u>
Total undiscounted cash flows	9,147
Less: present value discount	<u>154</u>
Total lease liabilities	<u><u>\$ 8,993</u></u>

As of May 31, 2025 and 2024, the weighted-average remaining lease term for the Organization's operating leases is 1.25 and 1.13 years, respectively, and the weighted-average discount rate associated with the operating leases is 2.94% and 2.85%. Cash paid for amounts included in the measurement of lease liabilities was approximately \$142,000 and \$146,000 for the years ended May 31, 2025 and 2024, respectively. Operating lease expense for the years ended May 31, 2025 and 2024 was \$146,200 and \$143,400, respectively. Rent expense incurred by the Organization for short-term leases for the year ended May 31, 2025 and 2024 was a \$3,221 and \$335, respectively.

NOTE G - 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, 2025 and 2024, expenses associated with the plan amounted to approximately \$52,100 and \$54,300, respectively.

REACHUP, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2025 AND 2024

NOTE H - 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>2025</u>	<u>2024</u>
U.S. Department of Health and Human Services	21%	30%
Healthy Start Coalition of Hillsborough County	42%	49%
Children’s Board of Hillsborough County	23%	19%
	<u>86%</u>	<u>98%</u>

At May 31, 2025 and May 31, 2024, 84% and 90% of grants receivable were due from the above three agencies.

NOTE I - 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 J - SUBSEQUENT EVENTS

Subsequent to year end, the Organization implemented a deferred compensation arrangement under Internal Revenue Code Section 457(b) for the Chief Executive Officer (CEO). The plan is intended to provide supplemental retirement benefits and is available only to the CEO, who is classified as a key management employee.

The Organization evaluated its May 31, 2025 financial statements for subsequent events through November 14, 2025, 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, 2025

<u>Federal Agency</u> <u>Pass-Through Entity</u> Federal Program	<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>
U.S. Department of Health and Human Services				
Healthy Start Initiative - Eliminating Racial/Ethnic	93.926	6 H49MC12793-17-01	\$ 1,047,913	\$ 40,396
<i>Passed-through Healthy Start Coalition of Hillsborough County, Inc.</i>				
Child Abuse and Neglect State Grants	93.669	1DCCP-1922HIL-RUP	45,351	-
Medical Assistance Program Medicaid; Title XIX (Medicaid Cluster)	93.778	GFA089-03 R1	381,800	-
Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	1MIECHV-2223HIL RUP	916,728	-
Maternal and Child Health Services Block Grant to the States	93.994	COSGGA-03 R1	<u>28,792</u>	<u>-</u>
			<u>1,372,671</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>2,420,584</u>	<u>40,396</u>
Total Expenditures of Federal Awards			<u>\$ 2,420,584</u>	<u>\$ 40,396</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, 2025

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, 2025. 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, 2025, 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 November 14, 2025.

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
November 14, 2025



**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, 2025. 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, 2025.

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
November 14, 2025

REACHUP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS - CONTINUED
YEAR ENDED MAY 31, 2025

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.