

HOPELINK OF SOUTHERN NEVADA
FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

**HOPELINK OF SOUTHERN NEVADA
FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Table of Contents

Independent Auditor’s Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to the Financial Statements	8-13
Compliance Section:	
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 <i>Government Auditing Standards</i>	14
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	15-16
Schedule of Expenditures of Federal Awards	17
Notes to Schedule of Expenditures of Federal Awards.....	18
Schedule of Findings and Questioned Costs	19-20
Schedule of Prior Year Findings and Questioned Costs	21-22

Independent Auditor's Report

To the Board of Directors of
Hopelink of Southern Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Hopelink of Southern Nevada (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hopelink of Southern Nevada (the "Organization") as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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



The CPA. Never Underestimate The Value.®

Acuity Financial Center
7881 W. Charleston Blvd., Ste. 155 • Las Vegas, NV 89117
p 702-871-2727 f 702-876-0040

lvcpas.com

Members of the American Institute of Certified Public Accountants & Nevada Society of Certified Public Accountants

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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

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 December 13, 2022, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Ellsworth & Stout, LLC

Las Vegas, Nevada
December 13, 2022

HOPELINK OF SOUTHERN NEVADA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS	2022	2021
Current Assets:		
Cash and cash equivalents	\$ 1,033,878	\$ 869,732
Grants receivable, net	823,231	337,473
Prepaid expenses	23,882	16,783
In-kind rent pledge receivable	45,784	44,754
Other current assets	2,458	1,818
Total current assets	1,929,233	1,270,560
 Property and Equipment, net	 511,754	 538,414
 Other Assets:		
In-kind rent pledge receivable, net of current portion	456,814	476,942
Total Assets	\$ 2,897,801	\$ 2,285,916
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 6,012	\$ 3,984
Accrued expenses	156,607	117,783
Unearned revenue	349,111	225,938
Total Liabilities	511,730	347,705
 Net Assets:		
Without donor restrictions	1,541,639	1,217,452
With donor restrictions	844,432	720,759
Total net assets	2,386,071	1,938,211
Total Liabilities and Net Assets	\$ 2,897,801	\$ 2,285,916

See accompanying notes to the financial statements.

**HOPELINK OF SOUTHERN NEVADA
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Net Assets without Donor Restrictions		
Revenue and other support:		
Grants	\$ 3,999,745	\$ 5,849,132
Contracts	2,220,481	2,180,026
Contributions	242,554	299,524
In-kind donations	161,470	143,786
Program income	138,185	84,632
Special events, net of expenses of \$76,938 and \$40,675, respectively	186,906	22,266
Interest income	337	398
Net assets released from donor restrictions	132,019	59,686
	<u>7,081,697</u>	<u>8,639,450</u>
Expenses:		
Program services	5,974,489	7,973,221
Supporting Services:		
Management and general	644,104	482,036
Fundraising	138,917	102,834
	<u>6,757,510</u>	<u>8,558,091</u>
Other income:		
Gain on extinguishment of debt	-	90,481
	<u>-</u>	<u>90,481</u>
Increase in net assets without donor restrictions	<u>324,187</u>	<u>171,840</u>
Net Assets with Donor Restrictions		
Grants	90,692	-
Contributions	165,000	73,260
Net assets released from donor restrictions	(132,019)	(59,686)
	<u>123,673</u>	<u>13,574</u>
Increase in net assets with donor restrictions	<u>123,673</u>	<u>13,574</u>
Increase in Net Assets	447,860	185,414
Net Assets, Beginning of Year	1,938,211	1,752,797
Net Assets, End of Year	<u>\$ 2,386,071</u>	<u>\$ 1,938,211</u>

See accompanying notes to the financial statements.

HOPELINK OF SOUTHERN NEVADA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Fundraising	Total
Bad debt expense	\$ 50	\$ 500	\$ -	\$ 550
Client services	3,921,522	-	-	3,921,522
Depreciation	23,728	7,193	1,611	32,532
Employee benefits	154,699	46,901	10,506	212,106
Insurance	34,881	10,572	2,365	47,818
Office expenses and other	159,024	48,203	10,792	218,019
Payroll taxes	126,566	38,365	8,588	173,519
Professional fees	6,018	23,135	-	29,153
Rent	80,380	24,363	5,458	110,201
Repairs and maintenance	7,546	2,287	513	10,346
Salaries and wages	1,413,943	428,602	95,957	1,938,502
Telephone	18,529	5,616	1,256	25,401
Travel and mileage	22,828	6,919	1,548	31,295
Utilities	4,775	1,448	323	6,546
	<u>\$ 5,974,489</u>	<u>\$ 644,104</u>	<u>\$ 138,917</u>	<u>\$ 6,757,510</u>

See accompanying notes to the financial statements.

HOPELINK OF SOUTHERN NEVADA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fundraising	Total
Client services	\$ 6,452,488	\$ -	\$ -	\$ 6,452,488
Depreciation	23,557	7,140	1,598	32,295
Employee benefits	110,023	33,356	7,472	150,851
Insurance	27,118	8,219	1,838	37,175
Interest	-	1,555	-	1,555
Office expenses and other	89,163	27,028	6,052	122,243
Payroll taxes	92,012	27,891	6,244	126,147
Professional fees	5,509	21,177	-	26,686
Rent	58,937	17,864	4,002	80,803
Repairs and maintenance	2,923	886	199	4,008
Salaries and wages	1,080,601	327,558	73,335	1,481,494
Telephone	12,628	3,827	856	17,311
Travel and mileage	13,477	4,085	914	18,476
Utilities	4,785	1,450	324	6,559
	<u>\$ 7,973,221</u>	<u>\$ 482,036</u>	<u>\$ 102,834</u>	<u>\$ 8,558,091</u>

See accompanying notes to the financial statements.

**HOPELINK OF SOUTHERN NEVADA
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 447,860	\$ 185,414
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	32,532	32,295
Gain on extinguishment of debt	-	(90,481)
In-kind rent pledge receivable	19,098	17,189
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivable	(485,758)	26,002
(Increase) decrease in prepaid expenses	(7,099)	(13,070)
(Increase) decrease in other current assets	(640)	(972)
Increase (decrease) in accounts payable	2,028	(13,711)
Increase (decrease) in accrued expenses	38,824	47,681
Increase (decrease) in unearned revenue	123,173	138,982
Net cash provided by operating activities	<u>170,018</u>	<u>329,329</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>(5,872)</u>	<u>(9,200)</u>
Net cash used in investing activities	<u>(5,872)</u>	<u>(9,200)</u>
Cash Flows from Financing Activities:		
Principal payments on debt	<u>-</u>	<u>(75,538)</u>
Net cash used in financing activities	<u>-</u>	<u>(75,538)</u>
Net Change in Cash and Cash Equivalents	164,146	244,591
Cash and Cash Equivalents, Beginning of Year	<u>869,732</u>	<u>625,141</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,033,878</u>	<u>\$ 869,732</u>
<u>Supplemental disclosure of cash flow information:</u>		
Interest paid	<u>\$ -</u>	<u>\$ 1,555</u>

See accompanying notes to the financial statements.

HOPELINK OF SOUTHERN NEVADA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Hopelink of Southern Nevada (the “Organization”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

The Organization is a Nevada nonprofit entity established in 1991, currently providing services throughout Clark County. Since its founding, the Organization has worked over the years to expand programs and services to cover a wide variety of community and family needs. The Organization’s mission is to build a better community by preventing homelessness, keeping families intact and promoting self-sufficiency. The two main areas of the agency are Housing and Basic Needs and Family Support Services, which fall under the assistance and education program. Each area has dedicated case managers who work in partnership with individuals and families to address the many areas of needs that clients face. Housing services run the gamut from one night of emergency shelter to up to two years of subsidized housing, with a focus on homelessness prevention and transitional housing for families. Family Support Services works closely in concert with local schools and the child welfare system to prevent abuse and neglect and work to strengthen families in their ability to safely care for all members of the family.

The Organization’s broad range of services include: supportive transitional housing, community education classes in parenting, nutrition, food safety and storage and co-dependency, a food pantry, housing and utility assistance, literacy programs, case management, referrals and links to vital community services, and senior services. Services are provided at the main office at 178 Westminster Way in Henderson and at outreach locations around the valley.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization presents a classified statement of financial position with additional qualitative information about the availability of resources and liquidity in Note 2.

The accompanying financial statements have been presented in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to not-for-profit organizations, principally Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958 (as amended by Accounting Standards Update (ASU) 2016-14), the Organization is required to report information regarding its financial position and changes in financial position according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. The classification of net assets is based on the existence or absence of donor-imposed restrictions. Net assets are released from donor restriction by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other event specified by donors.

HOPELINK OF SOUTHERN NEVADA
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

At various times throughout the year, the Organization maintained deposits in financial institutions which exceeded federally insured amounts. The Organization has not experienced any losses in these accounts.

Grants Receivable

Grants receivable represent unreimbursed costs and outstanding grant award balances. It is the Organization's policy to charge off uncollectible receivables when management determines the receivables will not be collected. As of June 30, 2022 and 2021, no allowance for doubtful receivables was deemed necessary.

Property and Equipment

The Organization capitalizes significant expenditures for property and equipment at cost. Property and equipment that are contributed to the Organization are recorded at the approximate fair value at the date of donation. The Organization has a capitalization threshold of \$500. Depreciation is computed using straight line over the estimated useful lives of the assets.

Contributed Services, Materials and Facilities

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses, capitalized in property and equipment, or an increase in inventory.

During the years ended June 30, 2022 and 2021, the Organization received in kind donations of rent, clothing, food, holiday gifts and school supplies of \$161,470 and \$143,786, respectively.

In addition, unpaid volunteers donated their time to the Organization. The value of such services has not been reflected in the financial statements since the volunteers' time does not meet the criteria for recognition as contributed services.

Revenue Recognition

The Organization is supported primarily through grants and contributions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

HOPELINK OF SOUTHERN NEVADA
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions may be considered conditional or non-conditional. A conditional contribution exists if a) one or more barrier exists and b) the right to receive or retain payment or delivery of the promised asset depends on meeting those barriers. In cases of ambiguous donor stipulations or stipulations that are not clearly unconditional are presumed to be conditional. Conditional contributions are recognized when conditions have been substantially met or waived by the donor. Non-conditional contributions are recognized when received or right to receive is obtained through documentation.

Grant revenue may be considered a contribution, entirely an exchange transaction, or a combination of the two. If a grant is considered a contribution, it is recognized as described in the above paragraph. If a grant is considered an exchange transaction, it falls under the guidance of Topic 606 and additional steps are taken to ensure correct recording of revenue. The performance obligation is satisfied when the services outlined in the grant contract are rendered. As of June 30, 2022, all exchange grant revenue was recognized at a point in time when services are performed.

Program revenue is recognized at a point in time when services are performed and payment becomes receivable upon service completion.

Income Taxes

The Organization has received notification from the Internal Revenue Service that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi). Therefore, no provision for income taxes is made in the accompanying financial statements.

As defined by ASC Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

As of June 30, 2022, the tax years that remain subject to potential examination by taxing authorities begin with 2019.

Advertising

Advertising costs are expensed as incurred. The Organization did not incur any significant advertising costs as of June 30, 2022 and 2021.

Allocation Methodology

The statement of functional expenses presents expenditures by both their nature and their function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated directly for client services and interest. All other expenses are allocated based on management's estimate of time and effort.

HOPELINK OF SOUTHERN NEVADA
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which, among other things, requires the recognition of lease assets and lease liabilities by lessees, including for those leases classified as operating leases under previous GAAP, along with the disclosure of key information about leasing arrangements. When effective, the ASU will supersede FASB ASC 840, Leases, and add Topic 842, Leases, to the FASB ASC. The ASU is effective for most nonprofit organizations for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. In addition to replacing FASB ASC 840 with FASB ASC 842, the ASU amends and supersedes other Topics throughout the FASB ASC. Management has not yet evaluated the effects of this standard on the Organization’s financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

As of June 30, 2022 and 2021, the Organization has \$1,277,510 and \$920,039, respectively, of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$454,279 and \$582,566, and grants receivable of \$823,231 and \$337,473. Contractual or donor-imposed restrictions are not available for general expenditure. As part of the Organizations liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – PROPERTY AND EQUIPMENT

As of June 30, 2022 and 2021, property and equipment consisted of the following:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 462,377	\$ 462,377
Office equipment	45,643	39,771
Storage unit	13,020	13,020
Supportive housing	400,276	400,276
	<u>921,316</u>	<u>915,444</u>
Less: accumulated depreciation	<u>(409,562)</u>	<u>(377,030)</u>
	<u>\$ 511,754</u>	<u>\$ 538,414</u>

For the years ended June 30, 2022 and 2021, depreciation expense totaled \$32,532 and \$32,295, respectively.

NOTE 4 – NET ASSETS

Net Assets without Donor Restrictions

As of June 30, 2022 and 2021, there were no governing board designations.

HOPELINK OF SOUTHERN NEVADA
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2022 AND 2021

NOTE 4 – NET ASSETS (Continued)

Net Assets with Donor Restrictions

As of June 30, 2022 and 2021 net assets with donor restrictions were available for the following purposes:

	<u>2022</u>	<u>2021</u>
Beds for kids	\$ 10,000	\$ -
Case manager salary	150,000	-
Community services	46,515	61,228
Covid relief	12,320	-
Donated use of facilities (Note 5)	502,598	521,696
Supportive housing	<u>122,999</u>	<u>137,835</u>
	<u>\$ 844,432</u>	<u>\$ 720,759</u>

As of June 30, 2022 and 2021 net assets with donor restrictions consisted of the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 230,488	\$ 61,228
In-kind rent pledge receivables	502,598	521,696
Property and equipment (supportive housing buildings)	<u>111,346</u>	<u>137,835</u>
	<u>\$ 844,432</u>	<u>\$ 720,759</u>

Supportive housing consists of homes which are rented out to low-income individuals. The supportive housing buildings were purchased with funds from the City of Henderson under the Neighborhood Stabilization Program and are considered restricted for a period of fifteen years, through June 2025. If the Organization violates the terms of the grant agreement the houses would be turned over to the City of Henderson. If the Organization were to dispose of these properties prior to the agreed upon time period, the City would need to be reimbursed for the current fair market value of the property less any portion of the value attributable to expenditures of other funds used for improvements to the property.

NOTE 5 – IN-KIND RENT PLEDGE RECEIVABLE

The Organization has a lease with Presbytery of Nevada, Inc. for the use of building and land until September 30, 2035 at a cost of \$1 per year. The value of this lease, which began in October 2008, was recorded as a pledge receivable for in-kind rent at an initial value of \$634,933 with a 5% discount rate. The pledge is deemed received as the occupancy of the building and land is realized over the life of the lease.

HOPELINK OF SOUTHERN NEVADA
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2022 AND 2021

NOTE 5 – IN-KIND RENT PLEDGE RECEIVABLE (Continued)

The in-kind rent pledge receivable is summarized as follows at June 30, 2022:

Receivable in less than one year	\$ 41,947
Receivable in one to five years	197,748
Receivable in more than five years	<u>460,095</u>
	699,790
Less: unamortized discount	<u>(197,192)</u>
	502,598
Less: current portion	<u>(45,784)</u>
Long-term in-kind rent pledge receivable	<u><u>\$ 456,814</u></u>

NOTE 6 – LEASE AGREEMENT

The Organization entered into a non-cancelable operating lease agreement for office space beginning May 2020. The non-cancelable operating lease is for 24 months with any extensions or renewals offered at the end of the lease term, with monthly rent of \$2,770. Rent expense under this agreement for the years ended June 30, 2022 and 2021 was \$33,241 and \$32,398, respectively.

Future minimum rental payments are as follows, for the years ending June 30:

2023	\$ 42,697
2024	<u>2,247</u>
	<u><u>\$ 44,944</u></u>

NOTE 7 – INDIVIDUAL RETIREMENT ACCOUNT (IRA)

The Organization sponsors an IRA covering qualified employees. Employees who have met the minimum service requirement of six months of continuous employment are eligible to participate in the plan. The Organization will match 100% of all employee contributions up to 3% of the employee's gross salary. The Organization contributed \$28,381 and \$22,849, respectively, for the years ended June 30, 2022 and 2021.

NOTE 8 – SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through December 13, 2022, which is the date the financial statements were available to be issued. No events were identified that would require additional disclosure.

COMPLIANCE SECTION

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 of
Hopelink of Southern Nevada

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 the Hopelink of Southern Nevada (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hopelink of Southern Nevada's (the "Organization") 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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.

Ellsworth & Stout, LLC

Las Vegas, Nevada
December 13, 2022



The CPA. Never Underestimate The Value.®

Acuity Financial Center
7881 W. Charleston Blvd., Ste. 155 • Las Vegas, NV 89117
p 702-871-2727 f 702-876-0040

lvcpas.com

Members of the American Institute of Certified Public Accountants & Nevada Society of Certified Public Accountants

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

To the Board of Directors of
Hopelink of Southern Nevada

Report on the Audit of the Financial Statements

Opinion on Each Major Federal Program

We have audited Hopelink of Southern Nevada (the "Organization") 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 the Organization's major federal programs for the year ended June 30, 2022. Organization'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, Hopelink of Southern Nevada 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 June 30, 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 Hopelink of Southern Nevada 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 the Organization'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 the Organization's federal programs.

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 the Organization'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 the Organization's compliance with the requirements of each major federal program as a whole.



The CPA. Never Underestimate The Value.®

Acuity Financial Center
7881 W. Charleston Blvd., Ste. 155 • Las Vegas, NV 89117
p 702-871-2727 f 702-876-0040

lvcpas.com

Members of the American Institute of Certified Public Accountants & Nevada Society of Certified Public Accountants

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 Organization'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 the Organization'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 the Organization'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.

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.

Ellsworth & Stout, LLC

Las Vegas, Nevada
December 13, 2022

**HOPELINK OF SOUTHERN NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUB- RECIPIENTS	TOTAL FEDERAL EXPEN- TURES
U.S. Department of Housing and Urban Development				
Passed through the City of Henderson:				
Community Development Block Grant/Entitlement Grants	14.218	CMTS #26096	\$ -	\$ 63,850
COVID-19 Community Development Block Grant/Entitlement Grants	14.218	CMTS #23946	-	17,018
COVID-19 Community Development Block Grant/Entitlement Grants	14.218	CMTS #26043	-	782,779
COVID-19 Community Development Block Grant/Entitlement Grants	14.218	CMTS #24643	-	262,755
Passed through the City of North Las Vegas:				
COVID-19 Community Development Block Grant/Entitlement Grants	14.218	QUN6UPCM0DXYJ3	-	69,910
Passed through the Clark County Department of Social Services:				
COVID-19 Community Development Block Grant/Entitlement Grants	14.218	OH!RRH005-10-HLSN-21	-	247,298
Total CDBG - Entitlement Grants Cluster			<u>-</u>	<u>1,443,610</u>
Passed through the City of Henderson:				
COVID-19 Emergency Solutions Grant Program	14.231		-	85,119
Passed through the City of North Las Vegas:				
COVID-19 Emergency Solutions Grant Program	14.231	R5QF44EM0DTXS6	-	510,811
Passed through Clark County:				
COVID-19 Emergency Solutions Grant Program	14.231	606134-22	-	356,438
Total Federal ALN 14.231			<u>-</u>	<u>952,368</u>
Continuum of Care Program	14.267		<u>-</u>	<u>764,749</u>
U.S. Department of the Treasury				
Passed through the City of Henderson:				
Emergency Rental Assistance Program (ERAP)	21.023	CMTS #26459	<u>-</u>	<u>54,699</u>
U.S. Department of Health and Human Services				
Passed through the State of Nevada Dept. of HHS:				
Activities to Support State, Tribal, Local and Territorial (STLT) Health Dept Response to Public Health or Healthcare Crises	93.391	1238	-	43,193
Passed through the State of Nevada Dept. of HHS Division of Child and Family Services:				
Community-Based Child Abuse Prevention Grants	93.590	93590-20-103	<u>-</u>	<u>45,000</u>
U.S. Department of Homeland Security				
Passed through United Way Worldwide:				
Emergency Food and Shelter National Board Program	97.024	586800-025	-	17,188
Passed through Clark County:				
Emergency Food and Shelter National Board Program	97.024		-	2,655
Total Federal ALN 14.231			<u>-</u>	<u>19,843</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 3,323,462</u>

See accompanying notes to the schedule of expenditures of federal awards.

**HOPELINK OF SOUTHERN NEVADA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Hopelink of Southern Nevada (the “Organization”) under programs of the federal government for the year ended June 30, 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 Guidance Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

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. For cost reimbursement grants, federal awards are considered expended when the transactions occur. For program income, federal awards are considered expended when funds are received or used.

Indirect Cost Rate

The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

**HOPELINK OF SOUTHERN NEVADA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes x no

Significant deficiencies identified?

_____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?

_____ yes x no

Significant deficiencies identified?

_____ yes x none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes x no

Identification of major federal programs:

Assistance Listing Numbers
 14.218
 14.231

Name of Federal Program or Cluster:
 Community Development Block Grant (CDBG)
 Emergency Solution Grant Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee?

 x yes _____ no

**HOPELINK OF SOUTHERN NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

**SCHEDULE OF PRIOR FINDINGS
AND QUESTIONED COSTS**

**HOPELINK OF SOUTHERN NEVADA
 SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes x no

Significant deficiencies identified?

_____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?

_____ yes x no

Significant deficiencies identified?

_____ yes x none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes x no

Identification of major federal programs:

Assistance Listing Numbers
 21.019

Name of Federal Program or Cluster:
 COVID-19 Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee?

_____ yes x no

**HOPELINK OF SOUTHERN NEVADA
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS – CONTINUED
YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.