

**HOPELINK OF SOUTHERN NEVADA**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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JUNE 30, 2023 AND 2022**

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*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 statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 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.



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7881 W. Charleston Blvd., Ste. 155 • Las Vegas, NV 89117  
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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 audits were 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 audits 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 February 19, 2024, 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  
February 19, 2024

**HOPELINK OF SOUTHERN NEVADA**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 344,294	\$ 1,033,878
Grants receivable, net	1,248,952	823,231
Prepaid expenses	7,500	23,882
In-kind rent pledge receivable	46,837	45,784
Other current assets	1,600	2,458
Total current assets	<u>1,649,183</u>	<u>1,929,233</u>
<b>Property and Equipment, net</b>	<u>483,017</u>	<u>511,754</u>
<b>Other Assets:</b>		
ROU assets for operating leases, net	223,781	-
ROU assets for finance leases, net	22,573	-
In-kind rent pledge receivable, net of current portion	434,632	456,814
Total other assets	<u>680,986</u>	<u>456,814</u>
<b>Total Assets</b>	<u><u>\$ 2,813,186</u></u>	<u><u>\$ 2,897,801</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 25,370	\$ 6,012
Accrued expenses	219,045	149,344
Unearned revenue	114,890	356,374
Current operating lease liability	113,983	-
Current finance lease liability	11,269	-
Total current liabilities	<u>484,557</u>	<u>511,730</u>
<b>Other Liabilities:</b>		
Liability for operating leases, net	111,821	-
Liability for finance leases, net	10,925	-
Total other liabilities	<u>122,746</u>	<u>-</u>
<b>Total Liabilities</b>	<u>607,303</u>	<u>511,730</u>
<b>Net Assets:</b>		
Without donor restrictions	1,387,869	1,541,639
With donor restrictions	818,014	844,432
Total net assets	<u>2,205,883</u>	<u>2,386,071</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 2,813,186</u></u>	<u><u>\$ 2,897,801</u></u>

See accompanying notes to the financial statements.

**HOPELINK OF SOUTHERN NEVADA**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Net Assets without Donor Restrictions</b>		
Revenue and other support:		
Grants	\$ 7,608,818	\$ 3,999,745
Contracts	2,165,363	2,220,481
Contributions	207,294	242,554
In-kind donations	183,510	161,470
Program income	132,153	138,185
Special events, net of expenses of \$49,895 and \$76,938, respectively	52,285	186,906
Interest income	3,045	337
Net assets released from donor restrictions	148,918	132,019
	<u>10,501,386</u>	<u>7,081,697</u>
Expenses:		
Program services	9,584,708	5,974,489
Supporting Services:		
Management and general	883,660	644,104
Fundraising	186,672	138,917
	<u>10,655,040</u>	<u>6,757,510</u>
Other income (expense):		
Loss on sale of property and equipment	(116)	-
Increase (decrease) in net assets without donor restrictions	<u>(153,770)</u>	<u>324,187</u>
<b>Net Assets with Donor Restrictions</b>		
Grants	5,000	90,692
Contributions	117,500	165,000
Net assets released from donor restrictions	<u>(148,918)</u>	<u>(132,019)</u>
Increase (decrease) in net assets with donor restrictions	<u>(26,418)</u>	<u>123,673</u>
<b>Increase (Decrease) in Net Assets</b>	(180,188)	447,860
<b>Net Assets, Beginning of Year</b>	<u>2,386,071</u>	<u>1,938,211</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,205,883</u>	<u>\$ 2,386,071</u>

*See accompanying notes to the financial statements.*

**HOPELINK OF SOUTHERN NEVADA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2023**

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	Program Services	Management and General	Fundraising	Total
Bad debt expense	\$ 117	\$ 1,182	\$ -	\$ 1,299
Client services	6,821,443	-	-	6,821,443
Depreciation and amortization	32,952	9,988	2,237	45,177
Employee benefits	222,575	67,480	15,116	305,171
Insurance	47,017	14,250	3,188	64,455
Interest	-	166	-	166
Office expenses and other	204,621	62,025	13,887	280,533
Payroll taxes	167,392	50,741	11,358	229,491
Professional fees	12,631	48,557	-	61,188
Rent	119,400	36,191	8,108	163,699
Repairs and maintenance	11,527	3,494	783	15,804
Salaries and wages	1,891,892	573,481	128,393	2,593,766
Telephone	22,900	6,941	1,552	31,393
Travel and mileage	24,105	7,305	1,635	33,045
Utilities	6,136	1,859	415	8,410
	<u>\$ 9,584,708</u>	<u>\$ 883,660</u>	<u>\$ 186,672</u>	<u>\$ 10,655,040</u>

*See accompanying notes to the financial statements.*

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

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	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**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities:</b>		
Increase (decrease) in net assets	\$ (180,188)	\$ 447,860
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Bad debt expense	1,299	550
Depreciation and amortization	45,177	32,532
Loss on sale of property and equipment	116	-
In-kind rent pledge receivable	21,129	19,098
Lease accretion	2,023	-
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivable	(427,020)	(486,308)
(Increase) decrease in prepaid expenses	16,382	(7,099)
(Increase) decrease in other current assets	858	(640)
Increase (decrease) in accounts payable	19,358	2,028
Increase (decrease) in accrued expenses	69,701	38,824
Increase (decrease) in unearned revenue	(241,484)	123,173
Net cash provided by (used in) operating activities	<u>(672,649)</u>	<u>170,018</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of property and equipment	150	-
Purchase of property and equipment	(5,891)	(5,872)
Net cash used in investing activities	<u>(5,741)</u>	<u>(5,872)</u>
<b>Cash Flows from Financing Activities:</b>		
Payments on finance leases	(11,194)	-
Net cash used in financing activities	<u>(11,194)</u>	<u>-</u>
<b>Net Change in Cash and Cash Equivalents</b>	(689,584)	164,146
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,033,878</u>	<u>869,732</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 344,294</u>	<u>\$ 1,033,878</u>
<b><u>Supplemental disclosure of non-cash investing and financing activities:</u></b>		
ROU assets obtained on financing lease commencements	<u>\$ 33,389</u>	<u>\$ -</u>
Non-cash interest recognized on leases	<u>\$ 166</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of 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. Serving households with dependent children, seniors and individuals, the Organization is a State designated Family Resource Center focusing on basic needs, case management and homelessness prevention services. The Organization's mission is six simple but powerful words: Prevent Homelessness, Preserve Families, Provide Hope. The agency vision is "A community where everyone has a safe place to call home". The agency has three core competencies including Rapid Rehousing, Non-Congregant Emergency Shelter and Homelessness Prevention Services. Additionally a wide continuum of services are provided to support these main areas including basic needs of food and clothing, identification documentation, rent, utility, mortgage and utility assistance, transportation assistance, emergency shelter and rapid rehousing assistance aligned with intensive supportive services.

Services are provided at the main office at 178 Westminster Way in Henderson, our Las Vegas office at 3535 W. Sahara Ave, 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.

**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.

**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, 2023 and 2022, no allowance for doubtful receivables was deemed necessary.

**Leases**

In February 2016, the FASB issued ASU 2016-02, *Leases* ("Topic 842"), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842. The most significant change in the new leasing guidance requirement to recognize right-of-use ("ROU") assets and lease liabilities for finance and operating leases on the statement of financial position.

The Organization elected to adopt these ASUs effective July 1, 2022 using transition method B. The adoption had a material impact on the Organization's combined balance sheet but did not have a material impact on the combined statement of income and member's equity. The most significant impact was the recognition of ROU assets and lease liabilities for finance and operating leases.

The Organization has elected to apply the portfolio approach to account for ROU assets and liabilities, where applicable.

The Organization has elected the practical expedient that does not require the Organization to separate lease and non-lease components for its leases.

The Organization has elected to use the risk-free rate as the discount rate for finance and operating leases.

The Organization has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Short-term disclosures include only those leases with a term greater than one month and 12 months or less, and expense is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less that do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise, are not recorded on the statement of financial position.

The Organization has elected to use the package of transition practical expedients.

**HOPELINK OF SOUTHERN NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2023 AND 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Leases (Continued)**

The Organization leases office space. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 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 reassesses its determination if the terms and conditions of the contract are changed.

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. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term using the applicable rate. For the year ended June 30, 2023, lease commencements resulted in an increase in finance lease ROU assets of \$33,389 and an increase in finance lease liabilities of \$33,389 and an increase in operating lease ROU assets of \$369,476 and an increase in operating lease liabilities of \$369,476.

**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 Materials, Services and Facilities**

Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Generally, donated materials, if significant in amount, are recorded at their fair market value, provided the Organization has a clearly measurable and objective basis for determining the value. In the case of materials where such values cannot reasonably be determined, the donation is not recorded.

During the fiscal year ended June 30, 2023, the Organization received all donated food from Three Square and such donations were federal commodities. The donated food is recorded in the financial statements as in-kind donations and in-kind expenses. The donations are valued at the fair value of one pound of donated food product that is provided by the donor. The fair value determined and provided by the donors during the year was \$1.57 per pound for federal commodities.

Donated professional services are recognized 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. Unpaid volunteers have donated their time to the Organization's programs. The value of such services has not been reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition as contributed services.

Unpaid volunteers have donated their time to the Organization's programs. The value of such services has not been reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition as contributed services.

**HOPELINK OF SOUTHERN NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2023 AND 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributed Services, Materials and Facilities (Continued)**

The Organization received the following in-kind donations as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Special event supplies	\$ 81,568	\$ 135,814
Program supplies	42,362	-
Food	25,366	-
Donated use of facilities (Note 3)	24,655	25,656
Other	9,559	-
	<u>\$ 183,510</u>	<u>\$ 161,470</u>

**Revenue Recognition**

The Organization is supported primarily through grants and contract revenue.

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.

Contributions may be considered conditional or unconditional. A conditional contribution exists if both a) one or more barriers exist and b) the right of return to the contributor for assets transferred (or a right of release of the promisor from its obligation) depends on overcoming the stated barriers before a recipient is entitled to the assets transferred or promised. 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. Unconditional contributions are recognized when received or right to receive is obtained through documentation.

Grant and contract 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. For the year ending June 30, 2023 and 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 entity 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.

**HOPELINK OF SOUTHERN NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2023 AND 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes (Continued)**

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.

The Organization is no longer subject to potential income tax examinations by tax authorities for years for which the statute of limitations has expired.

**Advertising**

Advertising costs are expensed as incurred.

**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. All expenses are allocated based on management's estimate of time and effort, except for those expenditures that are considered direct expenses.

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

As of June 30, 2023, the Organization has \$1,219,780 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of grants receivable of \$1,219,780.

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 – 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, 2023 AND 2022**

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**NOTE 3 – IN-KIND RENT PLEDGE RECEIVABLE (Continued)**

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

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 42,912	\$ 41,947
Receivable in one to five years	202,296	197,748
Receivable in more than five years	<u>408,798</u>	<u>460,095</u>
	654,006	699,790
Less: unamortized discount	<u>(172,537)</u>	<u>(197,192)</u>
	481,469	502,598
Less: current portion	<u>(46,837)</u>	<u>(45,784)</u>
Long-term in-kind rent pledge receivable	<u><u>\$ 434,632</u></u>	<u><u>\$ 456,814</u></u>

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 462,377	\$ 462,377
Office equipment	51,134	45,643
Storage unit	13,020	13,020
Supportive housing	<u>400,276</u>	<u>400,276</u>
	926,807	921,316
Less: accumulated depreciation	<u>(443,790)</u>	<u>(409,562)</u>
	<u><u>\$ 483,017</u></u>	<u><u>\$ 511,754</u></u>

For the years ended June 30, 2023 and 2022, depreciation expense totaled \$34,362 and \$32,532, respectively, and was included in depreciation and amortization.

**NOTE 5 – LEASE ACTIVITIES**

As of June 30, 2023, the following summarizes the line items on the statement of financial position which include amounts for finance and operating leases:

**Operating Leases**

ROU asset for operating leases	<u><u>\$ 223,781</u></u>
Current operating lease liability	\$ 113,983
Liability for operating leases	<u>111,821</u>
	<u><u>\$ 225,804</u></u>

**HOPELINK OF SOUTHERN NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2023 AND 2022**

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**NOTE 5 – LEASE ACTIVITIES (Continued)**

**Finance Leases**

ROU asset for finance leases	\$ 33,389
Accumulated amortization	<u>(10,816)</u>
	<u>\$ 22,573</u>
Current finance leases liability	\$ 11,269
Liability for finance leases	<u>10,925</u>
	<u>\$ 22,194</u>

As of June 30, 2023, the following summarizes the weighted average remaining lease term and discount rate:

**Weighted Average Remaining Lease Term**

Operating leases	1.98 years
Finance leases	2.04 years

**Weighted Average Discount Rate**

Operating leases	1.90%
Finance leases	1.78%

Lease liabilities mature as follows as of June 30:

	<u>Operating</u>	<u>Finance</u>
2024	\$ 117,129	\$ 11,360
2025	103,843	9,821
2026	<u>9,114</u>	<u>1,124</u>
Total lease payments	230,086	22,305
Less interest	<u>(4,282)</u>	<u>(111)</u>
Present value of lease liabilities	<u>\$ 225,804</u>	<u>\$ 22,194</u>

For the year ended June 30, 2023, the following summarizes the line items in the statement of activities which include the components of lease expense:

**Operating Lease Costs (included in rent)**

Operating lease cost	\$ 106,878
Short-term lease cost	<u>56,821</u>
	<u>\$ 163,699</u>

**Finance Lease Costs**

Amortization of lease assets included in depreciation expense	\$ 10,815
Interest on lease liabilities included in interest expense	<u>166</u>
	<u>\$ 10,981</u>



**HOPELINK OF SOUTHERN NEVADA**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2023 AND 2022**

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**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were available for the following purposes as of June 30:

	<u>2023</u>	<u>2022</u>
Beds for kids	\$ 17,500	\$ 10,000
Case manager salary	140,586	150,000
Community services	35,669	46,515
Covid relief	12,320	12,320
Donated use of facilities (Note 5)	481,469	502,598
Supportive housing	130,470	122,999
	<u>\$ 818,014</u>	<u>\$ 844,432</u>

Net assets with donor restrictions consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 258,576	\$ 230,488
In-kind rent pledge receivables	481,469	502,598
Property and equipment (supportive housing buildings)	77,969	111,346
	<u>\$ 818,014</u>	<u>\$ 844,432</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 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 \$40,153 and \$28,381, respectively, for the years ended June 30, 2023 and 2022.

**NOTE 8 – SUBSEQUENT EVENTS**

Management of the Organization has evaluated subsequent events through February 19, 2024, which is the date the financial statements were available to be issued. No events were identified that would require 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, 2023, 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 February 19, 2024.

*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  
February 19, 2024



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p 702-871-2727 f 702-876-0040

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**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 Compliance for Each Major Federal Program**

*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, 2023. 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, the Organization 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, 2023.

*Basis for Opinion on Each Major Federal Program*

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

We are required to be independent of the Organization 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.



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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  
February 19, 2024

**HOPELINK OF SOUTHERN NEVADA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUB- RECIPIENTS	TOTAL FEDERAL EXPENDITURES
<b>U.S. Department of Agriculture</b>				
Passed through Three Square:				
Emergency Food Assistance Program (Food Commodities) (Note 1)	10.569		\$ -	\$ 25,366
Total Food Distribution Cluster			-	25,366
<b>U.S. Department of Housing and Urban Development</b>				
Passed through the City of Henderson:				
Community Development Block Grant/Entitlement Grants	14.218	CMTS #26700	\$ -	\$ 63,850
COVID-19 Community Development Block Grant/Entitlement Grants	14.218	CMTS #23946 CMTS #26043 CMTS #24643	-	803,932
Passed through the City of North Las Vegas:				
COVID-19 Community Development Block Grant/Entitlement Grants	14.218	QUN6UPCM0DXYJ3	-	17,515
Passed through the Clark County Department of Social Services:				
COVID-19 Community Development Block Grant/Entitlement Grants	14.218	OH!RRH005-10-HLSN-21	-	577,126
Passed through the Clark County:				
COVID-19 Community Development Block Grant/Entitlement Grants	14.218	1080.ESGCV.2020	-	593,630
Total CDBG - Entitlement Grants Cluster			-	2,056,053
Passed through the City of Henderson:				
COVID-19 Emergency Solutions Grant Program	14.231		-	314,881
Passed through the City of North Las Vegas:				
COVID-19 Emergency Solutions Grant Program	14.231	270622	-	443,792
Passed through Clark County:				
COVID-19 Emergency Solutions Grant Program	14.231	1080.ESGCV.2020 OH!RRH005-10-HLSN-21	-	843,535
Total Federal ALN 14.231			-	1,602,208
Continuum of Care Program	14.267		-	830,335
<b>U.S. Department of the Treasury</b>				
Passed through the City of Henderson:				
Emergency Rental Assistance Program	21.023	CMTS #26459	-	1,813,501
<b>U.S. Department of Health and Human Services</b>				
Passed through the State of Nevada Dept. of HHS Grants Management Unit:				
Activities to Support State, Tribal, Local and Territorial (STLT)	93.391	1238	-	
Health Dept Response to Public Health or Healthcare Crises		C2300045	-	130,069
<b>U.S. Department of Homeland Security</b>				
Passed through Clark County:				
Emergency Food and Shelter National Board Program	97.024		-	241,129
Total Expenditures of Federal Awards			\$ -	\$ 6,698,661

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, 2023**

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**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 the Organization under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform 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 reimburse program income, federal awards are considered expended when funds are received or used.

The amount of noncash expenditures reported on the Schedule as indicated with (Food Commodities) is the value of food provisions distributed by the Organization during the current year and priced as described in the notes to the financial statements in Note 1 subsection “Contributed Materials, Services and Facilities”.

**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, 2023**

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**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:

<u>ALN</u>	<u>Name of Federal Program or Cluster:</u>
14.267	Continuum of Care Program
21.023	Emergency Rental Assistance Program (ERAP)
97.024	Emergency Food and Shelter National Board 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, 2023**

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**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

None reported.