

***LINK of Hampton Roads, Inc.***

FINANCIAL REPORT

JUNE 30, 2022

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
LINK of Hampton Roads, Inc.  
Newport News, Virginia

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of LINK of Hampton Roads, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, 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 LINK of Hampton Roads, Inc. as of June 30, 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LINK of Hampton Roads, Inc. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 LINK of Hampton Roads, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' 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 auditors' 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 detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### ***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* (CFR) 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 information 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 15, 2022, on our consideration of LINK of Hampton Roads, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 LINK of Hampton Roads, Inc.'s internal control over financial reporting and compliance.

*A. Rohm, Smith & Company*

Newport News, Virginia

December 15, 2022

## **FINANCIAL STATEMENTS**

**LINK OF HAMPTON ROADS, INC.**  
Statement of Financial Position  
Year Ended June 30, 2022

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**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 165,466
Grants and contracts receivable	137,323
Inventory	<u>71,916</u>

Total current assets 374,705

**PROPERTY AND EQUIPMENT, NET**

467,780

Total assets \$ 842,485

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 48,989
Unearned revenue	50,213
Current maturities of long-term debt	<u>11,843</u>

Total current liabilities 111,045

**NON-CURRENT LIABILITIES**

Tenant lease deposits - 10 Hodges	3,100
Long-term debt, less current portion	<u>315,980</u>

Total non-current liabilities 319,080

Total liabilities 430,125

**NET ASSETS**

Without donor restrictions	320,360
With donor restrictions	<u>92,000</u>

Total net assets 412,360

Total liabilities and net assets \$ 842,485

See accompanying notes.

**LINK OF HAMPTON ROADS, INC.**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>CHANGES IN NET ASSETS</b>			
<b>Revenue and Support</b>			
Government grants	\$ 1,198,315	\$ -	\$ 1,198,315
Business grants	35,700	-	35,700
Contract revenue	248,474	-	248,474
United Way and CFC	-	73,700	73,700
Individual and business donations	100,410	-	100,410
Churches and other civic groups	33,578	-	33,578
Special events revenue (net)	18,918	-	18,918
Other income	109,280	-	109,280
Donated inventory, supplies, professional services and equipment	729,599	-	729,599
Interest income	50	-	50
Net assets released from restrictions	68,400	(68,400)	-
 Total revenue and support	 <u>2,542,724</u>	 <u>5,300</u>	 <u>2,548,024</u>
<b>Expenses</b>			
Program services:			
Various programs	2,389,244	-	2,389,244
Support services:			
Management and general	30,468	-	30,468
Fundraising	4,854	-	4,854
 Total expenses	 <u>2,424,566</u>	 <u>-</u>	 <u>2,424,566</u>
 Changes in net assets	 <u>118,158</u>	 <u>5,300</u>	 <u>123,458</u>
<b>NET ASSETS</b>			
Beginning	<u>202,202</u>	<u>86,700</u>	<u>288,902</u>
Ending	<u>\$ 320,360</u>	<u>\$ 92,000</u>	<u>\$ 412,360</u>

See accompanying notes.



**LINK OF HAMPTON ROADS, INC.**  
Statement of Functional Expenses  
Year Ended June 30, 2022

	CANLINK		CANLINK		People Offering Resources Together (PORT)	Emergency Services	Outreach	Veterans' Rehabilitative Shelter Program		Total Program Services	Management and General		Fund Raising	Total Expenses
	I	IV	IV	IV				Outreach	Shelter Program		Management and General	Fund Raising		
Professional services	\$ 9,706	\$ 1,096	\$ 61,102	\$ 3,701	\$ -	\$ 7,633	\$ 83,238	\$ 6,124	\$ -	\$ 89,362				\$ -
Leasing	563,827	44,712	-	-	-	38,050	646,589	-	-	646,589				646,589
Emergency services	4,826	211	-	663,398	-	-	668,435	-	-	668,435				668,435
Personnel and benefits	235,726	21,397	191,224	45,911	20,901	89,077	604,236	1,514	1,747	607,497				607,497
Contract labor	531	59	79,669	3,369	-	32,746	116,374	75	-	116,449				116,449
Food purchases	80	-	10,532	44,274	-	7,072	61,958	-	-	61,958				61,958
Building occupancy	15,138	1,760	4,881	10,897	-	19,167	51,843	2,772	-	54,615				54,615
Travel/transportation	234	27	915	93	-	362	1,631	747	-	2,378				2,378
Office expenses	4,737	417	2,377	1,230	-	1,881	10,642	14,814	749	26,205				26,205
Insurance	3,440	382	611	918	-	2,293	7,644	-	-	7,644				7,644
Program supplies	11,326	64	8,417	2,534	1,677	3,688	27,706	422	-	28,128				28,128
Depreciation	3,623	3,623	3,623	3,622	3,623	3,622	21,736	3,623	3,622	28,981				28,981
(Gain) on disposal	(1,265)	(1,265)	(1,265)	(1,264)	(1,265)	(1,265)	(7,589)	(1,264)	(1,264)	(10,117)				(10,117)
Telephone	3,342	372	1,686	937	120	7,791	14,248	1,288	-	15,536				15,536
Spoiled/damaged goods	-	-	-	48,550	-	-	48,550	-	-	48,550				48,550
Vehicle expense	5,363	185	9,718	9,301	-	7,370	31,937	-	-	31,937				31,937
Interest - other	30	3	7	8	-	18	66	353	-	419				419
<b>Total</b>	<b>\$ 860,664</b>	<b>\$ 73,043</b>	<b>\$ 373,497</b>	<b>\$ 837,479</b>	<b>\$ 25,056</b>	<b>\$ 219,505</b>	<b>\$ 2,389,244</b>	<b>\$ 30,468</b>	<b>\$ 4,854</b>	<b>\$ 2,424,566</b>				<b>\$ 2,424,566</b>

See accompanying notes.

# LINK OF HAMPTON ROADS, INC.

## Statement of Cash Flows

Year Ended June 30, 2022

### CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 123,458
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation	28,981
Gain on disposal of asset	(10,117)
Net changes in assets and liabilities:	
Grants and contracts receivable	15,131
Payroll advances receivable	17
Inventory	30,355
Accounts payable and accrued expenses	(20,783)
Unearned revenue	<u>5,195</u>
Net cash provided by operating activities	<u>172,237</u>

### CASH FLOWS FROM INVESTING ACTIVITIES

Acquisitions of property and equipment	(53,591)
Proceeds from sale of property and equipment	<u>10,467</u>
Net cash used in investing activities	<u>(43,124)</u>

### CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on long-term debt	(95,684)
Proceeds from line of credit	<u>(22)</u>
Net cash used in financing activities	<u>(95,706)</u>
Net increase in cash and cash equivalents	33,407

### CASH AND CASH EQUIVALENTS

Beginning	<u>132,061</u>
Ending	<u>\$ 165,468</u>

### SUPPLEMENTAL CASH FLOW DISCLOSURE

Cash paid for interest	<u>\$ 421</u>
PPP loan forgiveness	<u>\$ 83,076</u>
In-kind donations of inventory, supplies, and professional services recorded as current year support and current year expense	<u>\$ 729,599</u>

See accompanying notes.

# LINK OF HAMPTON ROADS, INC.

## Notes to Financial Statements

Year Ended June 30, 2022

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### NOTE 1. NATURE OF ACTIVITIES

#### *Nature of Activities*

Link of Hampton Roads, Inc. (“LINK”) was incorporated January 8, 1991 in Newport News, Virginia with the purpose of providing a collaborative network within the communities of the Greater Virginia Peninsula to reach out to people with physical, emotional and mental needs. To achieve this purpose, LINK provides education, direct services, advocacy, as well as several community outreach programs. A description of the activities of LINK follows:

CANLINK I and IV	The CANLINK programs provide permanent supportive housing services for homeless people with disabilities. Leasing expense represents rent assistance paid to such individuals to help them with their housing costs.
People Offering Resources Together (PORT)	The People Offering Resources Together (PORT) program provides emergency winter shelter, meals, and supportive services for the homeless.
Emergency Services	The Emergency Services program provides food, clothing, medical care, household goods, furnishings and supplies, vehicles, housing assistance, and utility payment assistance for low-income families.
Outreach	The Greater Virginia Peninsula Housing Consortium partners with LINK via state emergency funding to provide street outreach to homeless persons.
Veterans’ Rehabilitative Shelter Program	The VA Medical Center in Hampton, Virginia contracts with LINK to provide housing and supportive services, transportation, meals, assisting with resume writing and job placement for veterans in need of rehabilitative housing as they recover from illness.

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Presentation*

The financial statements of LINK have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require LINK to report information regarding its financial position and activities according to the following net asset classifications:

# LINK OF HAMPTON ROADS, INC.

## Notes to Financial Statements

Year Ended June 30, 2022

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### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of LINK or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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

#### *Cash and Cash Equivalents*

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

#### *Concentrations of Credit Risk*

Certain financial instruments potentially subject the entity to concentrations of credit risk. These financial instruments consist primarily of cash and cash equivalents and receivables. LINK places its cash and cash equivalents with high credit quality financial institutions.

Concentrations of credit risk with respect to receivables are generally diversified and LINK performs ongoing credit evaluations and writes off uncollectible amounts as they become known.

#### *Grants and Contracts Receivable*

Grants and contracts receivable consist of United Way allocations and designations in addition to amounts due to LINK under the Veterans Administration Transitional Housing contract, as well as amounts due for the final installment of its Community Support Agency Grant (CSAG). LINK believes these amounts are fully collectible.

Certain granting agencies reserve the right to review a grantee's records to confirm funds were used in accordance with the terms of the grant. Management believes all grant funds have been expended in accordance with the terms of the respective grants and no significant amounts will be refundable or held back from future grants. Accordingly, no allowance for uncollectible accounts receivable has been recorded.

#### *Inventory*

Inventory consists of contributed food, clothing, household furnishings and supplies for use and distribution in LINK's programs and is valued at their estimated fair value as of the date contributed.

# LINK OF HAMPTON ROADS, INC.

## Notes to Financial Statements

Year Ended June 30, 2022

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### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Property and Equipment*

Property and equipment is recorded at cost or at estimated fair value at date of donation. LINK's policy is to capitalize expenditures for items in excess of \$500. Lesser amounts are expensed. Property and equipment are capitalized at cost. Building and improvements are depreciated using the straight-line method over estimated useful lives of forty years. Equipment and vehicles are being depreciated using the straight-line method over estimated useful lives of five to seven years.

#### *Contributions*

Contributions are recorded as without donor restrictions when they are currently available for use in the operations and invested in its property and equipment, or with donor restrictions when they are pledged or received with grantor or donor stipulations or time restrictions that temporarily or permanently limit the use of the donated assets. LINK has no assets permanently restricted by donors at June 30, 2022.

#### *Contributed Services and Materials*

Contributed inventory, supplies and equipment are recorded at fair value at the date of donation. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

LINK recognizes the estimated fair value of contributed services that meet the following criteria:

- The services rendered either create or enhance non-financial assets.
- The services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contributions.

Based on these criteria, LINK recorded \$6,900 of contributed professional services and \$722,699 of contributed inventory during the year ended June 30, 2022. Contributed professional services consists of budget and credit counseling, mental health services, employment services, and medical and dental services.

In addition, LINK was the recipient of significant amounts of contributed time that did not meet the criteria for recording in the financial statements, but which did enable LINK to carry out its programs. This included time donated by numerous community volunteers for administrative support, fund-raising activities, and program services.

# LINK OF HAMPTON ROADS, INC.

## Notes to Financial Statements

Year Ended June 30, 2022

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### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

#### *Government Support*

Grant revenue provided by the Federal government represents approximately 47% of the revenue and support, not including contributed services and materials. Any significant reduction in the level of this support could have an adverse effect on the entity's programs.

#### *Income Taxes*

LINK of Hampton Roads, Inc. (LINK) is a nonprofit entity tax-exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and classified by the Internal Revenue Service as other than a private foundation.

LINK has adopted the provisions of Financial Accounting Standards Board Accounting Standards Codification 740-10-25, which require that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. LINK does not believe its financial statements include any uncertain tax positions.

LINK's Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by tax authorities generally for three years after they are filed.

#### *Functional Expenses*

Functional expenses have been allocated on a consistent basis between program services, management and general, and fund-raising activities based on personnel time and space, supplies and equipment utilized, as well as identification of direct costs for the related activities. The expenses that are allocated include all expenses that are not directly attributable to a particular program.

#### *Use of 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 assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial. Accordingly, actual results could differ from those estimates.

# LINK OF HAMPTON ROADS, INC.

## Notes to Financial Statements

Year Ended June 30, 2022

### NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022:

Building and improvements	\$ 354,599
Vehicles	108,174
Equipment	78,013
Land	<u>169,922</u>
	710,708
Less accumulated depreciation	<u>242,928</u>
Property and equipment, net	<u>\$ 467,780</u>

Depreciation expense amounted to \$28,981 for the year ended June 30, 2022.

### NOTE 4. LINE OF CREDIT

LINK has a line of credit providing for maximum borrowings of \$80,000. The interest rate is at prime plus 1% (currently 4.25%) and is due on demand. There was no outstanding balance on this line at June 30, 2022. This agreement is due for renewal on April 17, 2023.

### NOTE 5. LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2022:

Mortgage payable, Old Point National Bank, due in monthly installments of \$2,593 through April 2024 including interest at 5.95% and a balloon payment of approximately \$316,000 secured by real estate	\$ 327,823
Less current maturities	<u>11,843</u>
Long-term debt, less current portion	<u>\$ 315,980</u>

Aggregate maturities required on long-term debt at June 30 are as follows:

2023	\$ 11,843
2024	<u>315,980</u>
	<u>\$ 327,823</u>

# LINK OF HAMPTON ROADS, INC.

## Notes to Financial Statements

Year Ended June 30, 2022

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### NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of \$92,000 at June 30, 2022 consist of contributions from the United Way of the Virginia Peninsula, Inc., restricted for LINK's next fiscal year. Net assets of \$68,400 were released from donor restrictions by satisfying the restricted purpose of the passage of time.

### NOTE 7. AVAILABILITY AND LIQUIDITY

The following represents LINK's financial assets at June 30, 2022:

Financial assets at year-end:

Cash and cash equivalents	\$	165,466
Grants and contracts receivable		<u>137,323</u>
Total financial assets		302,789

Less amounts not available to be used within one year:

Net assets with donor restrictions		92,000
Less net assets with purpose restrictions to be met in less than a year		<u>(92,000)</u>

Financial assets available to meet general expenditures over the next twelve months

\$ 302,789



# LINK OF HAMPTON ROADS, INC.

## Notes to Financial Statements

Year Ended June 30, 2022

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### NOTE 8. RETIREMENT PLAN

LINK has established a simplified employee pension plan (SEP) that covers all employees who meet certain eligibility requirements. Under the SEP plan, LINK makes contributions to a special individual retirement account (IRA) for each qualifying employee. Contributions made to a SEP IRA are non-forfeitable and subject to the same distribution rules as traditional IRAs. Currently, one employee participates in the plan at an expense of \$12,764 for the year.

### NOTE 9. COVID-19

In March 2020, the outbreak of COVID-19 (coronavirus) caused by a novel strain of the coronavirus was recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States. The extent of the impact of the outbreak on the Company's financial performance will depend on certain developments, including the duration and spread of the outbreak, governmental, regulatory and private sector responses. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

### NOTE 10. RECENTLY ADOPTED AUTHORITATIVE GUIDANCE

The Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue Recognition from Contracts with Customers* (ASC 606), which replaced numerous requirements in U.S. GAAP. The core principle of the new standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled.

The Company has adopted ASC 606 using the modified retrospective method. Adoption of the new guidance resulted in no changes to the Company's accounting policies for revenue and cost recognition. There were no differences to revenue and cost recognition-related account balances at June 30, 2022 under the new guidance. The adoption of the new revenue standard has not had a material impact on either reported revenue from customers or net earnings.

### NOTE 11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 15, 2022, the date which the financial statements were available to be issued.

**COMPLIANCE SECTION**



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**INDEPENDENT AUDITORS' 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  
LINK of Hampton Roads, Inc.  
Newport News, Virginia

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 LINK of Hampton Roads, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities and changes in net assets, 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 15, 2022.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether LINK of Hampton Roads, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

*A. Robm, Smith & Company*

Newport News, Virginia

December 15, 2022



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

To the Board of Directors  
LINK of Hampton Roads, Inc.  
Newport News, Virginia

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

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

We have audited LINK of Hampton Roads, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of LINK of Hampton Roads, Inc.'s major federal programs for the year ended June 30, 2022. LINK of Hampton Roads, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, LINK of Hampton Roads, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

#### ***Responsibilities of Management for Compliance***

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material 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 LINK of Hampton Roads, Inc.'s internal control. 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* 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 Auditors' Responsibilities for the Audit of Compliance section above 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.

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.

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.

*A. Robm, Smith & Company*

Newport News, Virginia

December 15, 2022

**LINK OF HAMPTON ROADS, INC.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

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Federal Grantor/State Pass-Through Grantor/Program Title	Federal CFDA Number			Federal Amounts Expended
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Continuum of Care Program	14.267	*	\$	807,521
Passed-through Virginia Department of Housing & Community Development COVID-19 Emergency Solutions Grant	14.231			25,542
<b><u>U.S. Department of Treasury</u></b>				
Passed-through the State of Virginia to the City of Newport News, Virginia COVID-19 Coronavirus Relief Fund	21.019			116,089
Total			\$	949,152

\*Major Federal Program Award



**LINK OF HAMPTON ROADS, INC.**  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

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**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of LINK of Hampton Roads, Inc. 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 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of LINK of Hampton Roads, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of LINK of Hampton Roads, Inc.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

LINK of Hampton Roads, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**LINK OF HAMPTON ROADS, INC.**  
**Summary of Auditors' Results, Findings and Questioned Costs**  
**Year Ended June 30, 2022**

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**1. Summary of Auditors' results**

- a) The auditors' report expresses an unqualified opinion on the financial statements of LINK of Hampton Roads, Inc. The financial statements were prepared in accordance with GAAP.
- b) There were no significant deficiencies in internal control over financial reporting disclosed during the audit of the financial statements of LINK of Hampton Roads, Inc.
- c) No instances of noncompliance material to the financial statements of LINK of Hampton Roads, Inc. were disclosed during the audit.
- d) No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance.
- e) The Independent Auditors' 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 expresses an unqualified opinion.
- f) The program tested as a major program was:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.267	Continuum of Care Program

- g) The threshold used to distinguish between Type A and B programs was \$750,000.
- h) LINK of Hampton Roads, Inc. did not qualify as a low-risk auditee.

**2. Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards***

None

**3. Findings and Questioned Costs for Federal Awards**

None