

LINK of Hampton Roads, Inc.

FINANCIAL REPORT

JUNE 30, 2023

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11832 ROCK LANDING DRIVE, SUITE 101
NEWPORT NEWS, VA 23606
INFO@DYS CPA.COM
OFFICE: 757-223-9602
FAX: 757-223-9686

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, 2023, 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 present fairly, in all material respects, the financial position of LINK of Hampton Roads, Inc. as of June 30, 2023, 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 opinion.

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, 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, 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 effectiveness of LINK of Hampton Roads, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LINK of Hampton Roads, Inc.'s internal control over financial reporting and compliance.

A. Rohm, Smith & Company

Newport News, Virginia

November 15, 2023

FINANCIAL STATEMENTS

LINK OF HAMPTON ROADS, INC.

Statement of Financial Position

June 30, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	72,103
Certificates of deposit		47,608
Investments, available for sale		9,267
Grants and contracts receivable		32,154
Inventory		<u>107,627</u>

Total current assets 268,759

PROPERTY AND EQUIPMENT, NET

626,271

Total assets \$ 895,030

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	67,276
Unearned revenue		50,181
Current maturities of long-term debt		<u>315,991</u>

Total current liabilities 433,448

Total liabilities 433,448

NET ASSETS

Without donor restrictions		461,582
With donor restrictions		<u>-</u>

Total net assets 461,582

Total liabilities and net assets \$ 895,030

See accompanying notes.

LINK OF HAMPTON ROADS, INC.
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CHANGES IN NET ASSETS			
Revenue and Support			
Government grants	\$ 1,701,665	\$ -	\$ 1,701,665
Contract revenue	227,939	-	227,939
Individual and business donations	165,207	-	165,207
Churches and other civic groups	42,160	-	42,160
Special events revenue (net)	2,781	-	2,781
Other income	26,400	-	26,400
Donated inventory, supplies, professional services and equipment	1,000,475	-	1,000,475
Investment income (loss)	(64)	-	(64)
Net assets released from restrictions	<u>92,000</u>	<u>(92,000)</u>	<u>-</u>
Total revenue and support	<u>3,258,563</u>	<u>(92,000)</u>	<u>3,166,563</u>
Expenses			
Program services:			
Various programs	2,947,530	-	2,947,530
Support services:			
Management and general	157,910	-	157,910
Fundraising	<u>11,901</u>	<u>-</u>	<u>11,901</u>
Total expenses	<u>3,117,341</u>	<u>-</u>	<u>3,117,341</u>
Changes in net assets	<u>141,222</u>	<u>(92,000)</u>	<u>49,222</u>
NET ASSETS			
Beginning	<u>320,360</u>	<u>92,000</u>	<u>412,360</u>
Ending	<u>\$ 461,582</u>	<u>\$ -</u>	<u>\$ 461,582</u>

See accompanying notes.

LINK OF HAMPTON ROADS, INC.
Statement of Functional Expenses
Year Ended June 30, 2023

	CANLINK I	CANLINK IV	People Offering Resources Together (PORT)	Emergency Services	Veterans' Rehabilitative Shelter Program	Total Program Services	Management and General	Fund Raising	Total Expenses
Professional services	\$ 13,036	\$ 3	\$ 260,638	\$ 4,634	\$ 10,462	\$ 288,773	\$ 8,110	\$ -	\$ 296,883
Leasing	689,239	34,238	98,840	1,656	43,050	867,023	-	-	867,023
Emergency services	11,102	-	676,861	205,009	1,560	894,532	35	460	895,027
Personnel and benefits	212,585	5,366	277,176	54,240	84,952	634,319	119,900	4,863	759,082
Contract labor	300	-	552	225	18,206	19,283	450	-	19,733
Food purchases	941	-	12,441	14,487	6,427	34,296	-	-	34,296
Building occupancy	18,880	523	3,115	8,952	25,770	57,240	6,579	-	63,819
Travel/transportation	12	4	96	6	22	140	2,738	-	2,878
Office expenses	7,347	90	2,707	2,560	4,323	17,027	11,872	1,303	30,202
Insurance	3,294	112	545	818	2,044	6,813	-	-	6,813
Program supplies	8,918	201	18,575	1,907	1,819	31,420	508	276	32,204
Depreciation	6,500	6,500	6,500	6,500	6,500	32,500	6,500	6,499	45,499
(Gain) on disposal	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(7,500)	(1,500)	(1,500)	(10,500)
Telephone	5,200	28	1,751	1,426	8,880	17,285	(1,303)	-	15,982
Spoiled/damaged goods	-	-	-	21,210	-	21,210	-	-	21,210
Vehicle expense	6,525	12	10,149	9,286	6,801	32,773	725	-	33,498
Interest - other	275	-	19	29	73	396	3,296	-	3,692
Total	<u>\$ 982,654</u>	<u>\$ 45,577</u>	<u>\$ 1,368,465</u>	<u>\$ 331,445</u>	<u>\$ 219,389</u>	<u>\$ 2,947,530</u>	<u>\$ 157,910</u>	<u>\$ 11,901</u>	<u>\$ 3,117,341</u>

See accompanying notes.

LINK OF HAMPTON ROADS, INC.

Statement of Cash Flows

Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 49,222
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	45,499
Gain on disposal of asset	(10,500)
Net changes in assets and liabilities:	
Certificates of deposit	(47,608)
Grants and contracts receivable	105,169
Inventory	(35,711)
Tenant lease deposits	(3,100)
Accounts payable and accrued expenses	18,287
Unearned revenue	<u>(32)</u>
Net cash provided by operating activities	<u>121,226</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisitions of investments	(9,267)
Acquisitions of property and equipment	(203,990)
Proceeds from sale of property and equipment	<u>10,500</u>
Net cash used in investing activities	<u>(202,757)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on long-term debt	<u>(11,832)</u>
Net cash used in financing activities	<u>(11,832)</u>
Net decrease in cash and cash equivalents	(93,363)

CASH AND CASH EQUIVALENTS

Beginning	<u>165,466</u>
Ending	<u>\$ 72,103</u>

SUPPLEMENTAL CASH FLOW DISCLOSURE

Cash paid for interest	<u>\$ 3,659</u>
In-kind donations of inventory, supplies, and professional services recorded as current year support and current year expense	<u>\$ 1,000,475</u>

See accompanying notes.

LINK OF HAMPTON ROADS, INC.

Notes to Financial Statements

Year Ended June 30, 2023

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.
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:

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.

LINK OF HAMPTON ROADS, INC.

Notes to Financial Statements

Year Ended June 30, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in marketable equity securities have readily determinable fair values and are reported at their fair value. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

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 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 with donor restrictions at June 30, 2023.

Contributed Services, Materials and Investments

Contributed inventory, supplies, equipment and investments 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 \$3,960 of contributed professional services and \$1,000,475 of contributed inventory, vehicles, medicine, and stock during the year ended June 30, 2023. Contributed professional services consists of mental health services and medical services.

LINK OF HAMPTON ROADS, INC.

Notes to Financial Statements

Year Ended June 30, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Government Support

Grant revenue provided by the Federal government represents approximately 55% 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 it is 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, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Revenue Recognition – Contributions

Unconditional contributions or grants are recognized when cash, securities, other assets or promises to give are received. Conditional contributions or grants, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. Most of the Organization's federal, state, local, and other grants or contracts are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Revenue Recognition – Fees for Services

Revenue from government contracts under expense reimbursement programs is recognized in the period during which the related expenses are incurred. In cases where expenses are incurred in advance of receiving the funds, revenue and contract receivables are recorded in the period in which the expenses are incurred. Retroactive determination of allowable costs by resource providers may result in final settlements different from interim payments for reimbursable services submitted by the Organization. Revenue is reported at the estimated net realizable amounts from resource providers for services rendered.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2023:

Building and improvements	\$ 354,599
Vehicles	263,756
Equipment	84,737
Land	169,922
	<u>873,014</u>
Less accumulated depreciation	<u>246,743</u>
	<u>\$ 626,271</u>

Depreciation expense amounted to \$45,499 for the year ended June 30, 2023.

NOTE 4. LINE OF CREDIT

LINK has a line of credit providing for maximum borrowings of \$180,000. The interest rate is at prime minus .5% (currently 7.75%) and is due on demand. There was no outstanding balance on this line at June 30, 2023. This agreement is due for renewal on May 31, 2025.

LINK OF HAMPTON ROADS, INC.

Notes to Financial Statements

Year Ended June 30, 2023

NOTE 5. LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2023:

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	\$ 315,991
Less current maturities	<u>315,991</u>
Long-term debt, less current portion	<u><u>\$ -</u></u>

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

2024	<u>\$ 315,991</u>
	<u><u>\$ 315,991</u></u>

NOTE 6. AVAILABILITY AND LIQUIDITY

The following represents LINK's financial assets at June 30, 2023:

Financial assets at year-end:	
Cash and cash equivalents	\$ 72,103
Certificates of deposit	47,608
Investments	9,267
Grants and contracts receivable	<u>32,154</u>
Total financial assets	161,132
Less amounts not available to be used within one year:	
Net assets with donor restrictions	-
Less net assets with purpose restrictions to be met in less than a year	<u>-</u>
	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 161,132</u></u>

LINK OF HAMPTON ROADS, INC.

Notes to Financial Statements

Year Ended June 30, 2023

NOTE 7. 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, three employees participate in the plan at an expense of \$10,882 for the year.

NOTE 8. SUBSEQUENT EVENTS

On July 10, 2023, LINK closed on the purchase of a residential duplex home located in Hampton, Virginia for \$429,000. This home will be used in LINK's Veterans' Rehabilitative Housing Program. There is a credit line deed of trust and assignment of rents on the home in the amount of \$440,329 at an interest rate of 6.85% which requires 59 regular payments of \$3,413 and a final payment estimated at \$384,258. This loan is secured by credit line deeds of trust on the purchased home, LINK's office building, and another residential home owned by LINK located in Hampton, Virginia, as well as assignment of rents and a security agreement on all equipment, general intangibles and fixtures.

Management has evaluated subsequent events through November 15, 2023, the date which the financial statements were available to be issued.

COMPLIANCE SECTION



11832 ROCK LANDING DRIVE, SUITE 101
NEWPORT NEWS, VA 23606
INFO@DYSCPA.COM
OFFICE: 757-223-9602
FAX: 757-223-9686

**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, 2023 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 November 15, 2023.

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

November 15, 2023



11832 ROCK LANDING DRIVE, SUITE 101
NEWPORT NEWS, VA 23606
INFO@DYSCPA.COM
OFFICE: 757-223-9602
FAX: 757-223-9686

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, 2023. 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, 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 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, and provisions of contracts or grant agreements applicable to LINK of Hampton Roads, Inc.'s 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 federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding LINK of Hampton Roads, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of LINK of Hampton Roads, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of LINK of Hampton Roads, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 in 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 Auditors' 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 that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control 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.

A. Robm, Smith & Company

Newport News, Virginia

November 15, 2023

LINK OF HAMPTON ROADS, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

<u>Federal Grantor/State Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Amounts Expended</u>
<u>U.S. Department of Housing and Urban Development</u>		
Continuum of Care Program	14.267 *	\$ 911,993
Passed-through Newport News Housing and Redevelopment Authority		
Community Development Block Grant - COVID	14.218	<u>125,712</u>
Total		<u>\$ 1,037,705</u>

*Major Federal Program Award

LINK OF HAMPTON ROADS, INC.
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

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, 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 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, 2023

1. Summary of Auditors' results

- a) The auditors' report expresses an unmodified 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 Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance expresses an unmodified opinion on the major federal program.
- f) Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
- g) The program tested as a major program was:

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

- h) The threshold used to distinguish between Type A and B programs was \$750,000.
- i) 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