

**HOPELINK BEHAVIORAL HEALTH
(A Nonprofit Organization)**

FINANCIAL STATEMENTS

**Year Ended June 30, 2024
with Summarized Comparative Information
for the year ended June 30, 2023**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
HopeLink Behavioral Health
Oakton, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of HopeLink Behavioral Health (HopeLink), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HopeLink as of June 30, 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit 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 HopeLink 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 HopeLink'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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HopeLink'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 HopeLink'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 September 30, 2024, on our consideration of HopeLink'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 HopeLink'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 HopeLink's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Hopelink's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Renner and Company, CPA, P.C.

Alexandria, Virginia
September 30, 2024

HOPELINK BEHAVIORAL HEALTH

STATEMENT OF FINANCIAL POSITION

June 30, 2024 (with Summarized Comparative Information as of June 30, 2023)

	ASSETS				
	2024		2023		
	Without Donor Restrictions	With Donor Restrictions	Total		Total
CURRENT ASSETS					
Cash and restricted cash	\$ 450,361	\$ 135,946	\$ 586,307	\$ 578,580	
Investments	544,637	-	544,637	1,047,857	
Accounts receivable	2,795,382	-	2,795,382	2,706,130	
Promises to give	-	28,080	28,080	2,852	
Prepaid expenses	53,062	-	53,062	41,815	
TOTAL CURRENT ASSETS	<u>3,843,442</u>	<u>164,026</u>	<u>4,007,468</u>	<u>4,377,234</u>	
PROPERTY AND EQUIPMENT, net	<u>685,477</u>	<u>-</u>	<u>685,477</u>	<u>816,618</u>	
OTHER ASSETS					
Investments	3,485,489	-	3,485,489	3,021,074	
Intangible assets, net	4,412	-	4,412	14,736	
Operating right-of-use asset	1,525,820	-	1,525,820	1,784,448	
Deferred compensation	99,262	-	99,262	90,194	
Security deposit	38,936	-	38,936	38,936	
TOTAL OTHER ASSETS	<u>5,153,919</u>	<u>-</u>	<u>5,153,919</u>	<u>4,949,388</u>	
TOTAL ASSETS	<u>\$ 9,682,838</u>	<u>\$ 164,026</u>	<u>\$ 9,846,864</u>	<u>\$ 10,143,240</u>	
	LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES					
Accounts payable	\$ 199,844	\$ -	\$ 199,844	\$ 67,361	
Accrued expenses	990,448	-	990,448	876,891	
Deferred revenue	4,570	-	4,570	25,307	
Custodial accounts	6,385	-	6,385	6,177	
Deferred compensation	99,262	-	99,262	90,194	
Operating lease liability	340,930	-	340,930	308,799	
TOTAL CURRENT LIABILITIES	<u>1,641,439</u>	<u>-</u>	<u>1,641,439</u>	<u>1,374,729</u>	
LONG-TERM LIABILITIES					
Operating lease liability, net	1,580,175	-	1,580,175	1,921,104	
TOTAL LIABILITIES	<u>3,221,614</u>	<u>-</u>	<u>3,221,614</u>	<u>3,295,833</u>	
NET ASSETS	<u>6,461,224</u>	<u>164,026</u>	<u>6,625,250</u>	<u>6,847,407</u>	
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,682,838</u>	<u>\$ 164,026</u>	<u>\$ 9,846,864</u>	<u>\$ 10,143,240</u>	

See Notes to Financial Statements.

HOPELINK BEHAVIORAL HEALTH**STATEMENT OF ACTIVITIES****Year Ended June 30, 2024 (with Summarized Comparative Information for the year ended June 30, 2023)**

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Government contracts and grants	\$ 18,018,461	\$ -	\$ 18,018,461	\$ 13,133,747
Contributions and other grants	1,491,606	294,520	1,786,126	4,886,688
Donated facilities and services	506,614	-	506,614	588,765
Investment return	462,035	-	462,035	360,797
Miscellaneous	228,842	-	228,842	139,261
Consumer fees	35,616	-	35,616	35,215
Rental income	31,461	-	31,461	30,564
Net assets released from restrictions	382,672	(382,672)	-	-
TOTAL SUPPORT AND REVENUE	21,157,307	(88,152)	21,069,155	19,175,037
EXPENSES				
Program	18,730,648	-	18,730,648	15,718,950
Management and general	2,050,004	-	2,050,004	2,088,359
Fundraising	510,660	-	510,660	498,427
TOTAL EXPENSES	21,291,312	-	21,291,312	18,305,736
CHANGE IN NET ASSETS	(134,005)	(88,152)	(222,157)	869,301
NET ASSETS, beginning of year	6,595,229	252,178	6,847,407	5,978,106
NET ASSETS, end of year	\$ 6,461,224	\$ 164,026	\$ 6,625,250	\$ 6,847,407

See Notes to Financial Statements.

HOPELINK BEHAVIORAL HEALTH

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024 (with Summarized Comparative Information for the year ended June 30, 2023)

	2024								2023			
	Program							Support				
	Psychosocial Rehabilitation	Community Services	Crisis Services	Peer Services	Other Program & Community Housing	Outpatient	Youth and Family	Total Program	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 847,482	\$ 1,574,996	\$ 9,263,277	\$ 728,952	\$ 415,597	\$ 392,483	\$ 194,595	\$ 13,417,382	\$ 1,004,064	\$ 122,640	\$ 14,544,086	\$ 12,441,616
Fringe benefits	80,343	205,833	833,617	91,868	59,391	35,005	14,701	1,320,758	111,600	12,905	1,445,263	1,142,139
Payroll taxes	70,050	130,655	861,558	60,992	33,697	31,802	16,768	1,205,522	81,312	9,017	1,295,851	1,149,705
TOTAL PERSONNEL EXPENSES	997,875	1,911,484	10,958,452	881,812	508,685	459,290	226,064	15,943,662	1,196,976	144,562	17,285,200	14,733,460
Professional fees	65,242	73,384	713,311	1,815	137,803	7,235	763	999,553	455,821	122,962	1,578,336	1,176,339
Occupancy	625,946	24,189	-	-	41,597	20,623	-	712,355	188,770	-	901,125	867,668
Other	647	(69)	33,730	-	10,544	274	-	45,126	5,174	207,507	257,807	190,395
Communications	45,725	22,350	291,407	13,737	3,962	3,516	657	381,354	36,289	-	417,643	372,082
Rental and maintenance	98,189	5,116	30,570	2,199	2,158	1,436	2,726	142,394	27,552	-	169,946	169,599
Depreciation and amortization	109,602	10,737	10,568	-	1,825	-	-	132,732	26,137	-	158,869	167,620
Office supplies	15,741	561	9,915	86	595	297	37	27,232	23,112	26,749	77,093	179,436
Donated services	-	-	132,060	-	-	-	-	132,060	-	-	132,060	225,140
Conference and training	13,050	20,523	42,607	5,864	1,225	9,229	8,284	100,782	28,080	444	129,306	63,415
Travel	6,217	32,902	11,449	1,617	11,436	107	2,669	66,397	3,271	140	69,808	45,201
Insurance	12,517	6,279	8,865	2,208	12,085	3,017	-	44,971	12,523	-	57,494	54,522
Accounting	-	-	-	-	-	-	-	-	29,202	-	29,202	39,514
Legal services	-	-	-	-	-	-	-	-	15,792	433	16,225	5,298
Advertising	96	-	-	-	-	-	-	96	43	7,863	8,002	15,991
Bad debt expense	709	-	-	-	-	1,225	-	1,934	-	-	1,934	56
Interest	-	-	-	-	-	-	-	-	1,262	-	1,262	-
OTHER EXPENSES	993,681	195,972	1,284,482	27,526	223,230	46,959	15,136	2,786,986	853,028	366,098	4,006,112	3,572,276
TOTAL EXPENSES	\$ 1,991,556	\$ 2,107,456	\$ 12,242,934	\$ 909,338	\$ 731,915	\$ 506,249	\$ 241,200	\$ 18,730,648	\$ 2,050,004	\$ 510,660	\$ 21,291,312	\$ 18,305,736

See Notes to Financial Statements.

HOPELINK BEHAVIORAL HEALTH

STATEMENT OF CASH FLOWS

Year Ended June 30, 2024 (with Comparative Information for the year ended June 30, 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations		
Support and revenue	\$ 20,471,903	\$ 17,548,185
Investment income	102,850	93,243
	<u>20,574,753</u>	<u>17,641,428</u>
Total cash received from operations		
Cash used in operations		
Payments to employees and suppliers	20,946,557	18,021,359
Interest paid	1,262	-
	<u>20,947,819</u>	<u>18,021,359</u>
Total cash disbursed by operations		
NET CASH USED BY OPERATING ACTIVITIES	<u>(373,066)</u>	<u>(379,931)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	664,632	1,693,375
Purchase of investments	(266,642)	(3,285,222)
Purchase of property	(17,405)	(22,701)
Amounts received for member funds	208	452
Amounts paid out for member funds	-	(359)
	<u>380,793</u>	<u>(1,614,455)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	7,727	(1,994,386)
CASH AND RESTRICTED CASH, beginning of year	<u>578,580</u>	<u>2,572,966</u>
CASH AND RESTRICTED CASH, end of year	<u>\$ 586,307</u>	<u>\$ 578,580</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Unrealized gain in market value of investments	\$ (330,534)	\$ (205,898)
Increase in investment value	330,534	205,898
	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

HOPELINK BEHAVIORAL HEALTH

STATEMENT OF CASH FLOWS

Year Ended June 30, 2024 (with Comparative Information for the year ended June 30, 2023)

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	<u>\$ (222,157)</u>	<u>\$ 869,301</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
Depreciation and amortization	158,870	167,620
Non-cash occupancy costs	(50,170)	(84,050)
Realized and unrealized gain on investments	<u>(359,185)</u>	<u>(267,554)</u>
NET ADJUSTMENTS	<u>(250,485)</u>	<u>(183,984)</u>
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS (USING) PROVIDING CASH		
ASSETS		
Accounts receivable	(89,252)	(1,317,428)
Promises to give	(25,228)	18,879
Grants receivable	-	15,288
Prepaid expenses	(11,247)	10,602
Deferred compensation	<u>(9,068)</u>	<u>(7,877)</u>
NET CHANGES IN ASSETS	<u>(134,795)</u>	<u>(1,280,536)</u>
LIABILITIES		
Accounts payable	132,483	(29,355)
Accrued expenses	113,557	219,560
Deferred revenue	(20,737)	17,206
Deferred compensation	<u>9,068</u>	<u>7,877</u>
NET CHANGES IN LIABILITIES	<u>234,371</u>	<u>215,288</u>
NET CHANGES IN ASSETS AND LIABILITIES	<u>99,576</u>	<u>(1,065,248)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (373,066)</u>	<u>\$ (379,931)</u>

See Notes to Financial Statements.

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

HopeLink Behavioral Health (HopeLink) is a Virginia nonprofit corporation established in 1963 to provide vocational and social rehabilitation programs for persons with serious mental illness in Virginia.

A brief description of major programs include:

The Psychosocial Rehabilitation program, also known as the Recovery Academy program and the Community Readiness Support Program (CRSP), provides a curriculum-based day program that promotes movement out of HopeLink's facility-based programming and into meaningful community alternatives such as work, volunteering and school. Co-occurring disorder services and assistance with transition to community-based activities are also offered.

The Community Services program includes Employment Services and Mental Health Skills-Building Services (MHSS). Employment Services provides support and training for clients who want to be competitively employed in the community to help them choose, get and keep jobs. MHSS provides individually tailored, community-based intensive skill building and support services to meet each client's unique needs, abilities and goals; and helps clients maintain their housing and maximize their stability.

The Crisis Services program brings immediate help, hope and healing to empower individuals facing serious life challenges, suicidal thoughts, and emotional or situational problems through programs including: 24/7 Crisis & Suicide Prevention hotline, crisis textline, and chatline. HopeLink is part of the 988 Suicide and Crisis Lifeline Network - answering calls in Virginia, and nationally as a National Back-up Center and Core Chat Center. HopeLink also serves as the Regional Crisis Call Center in four of the five Health Planning Regions (HPRs) in the Commonwealth of Virginia.

Peer Support Services are provided by individuals who have lived experience and are successful in their recovery. Peers use that lived experience to provide emotional, affiliation, instrumental, and informational support for others in their own recovery journey. At HopeLink, Peers are embedded within clinical programs and in independent programs serving as paraprofessionals - utilizing their lived experience and training to work alongside treatment teams. Family Peer Support Services are provided by a parent or guardian, with lived experience navigating the behavioral health and mental health system for their child. Family Peers utilize that experience to support other families in the community navigating the systems of care and facing similar challenges.

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Purpose (Continued)

HopeLink's Mental Health Outpatient Services provide individuals experiencing mental illness, other behavioral health conditions, or other life challenges with compassionate, personalized therapy to help make positive changes.

The Youth and Family program supports youth and young adults with emotional or behavioral difficulties in successfully transitioning to adulthood. Family Peer Support Services are provided by a parent or guardian, with lived experience navigating the behavioral health and mental health system for their child. Family Peers utilize that experience to support other families in the community navigating the systems of care and facing similar challenges.

HopeLink provides several other critical community services. The Coordinated Specialty (CSC) program is a recovery-oriented treatment program for youth and young adults with first episode psychosis. CSC offers skill teaching, case management, supported employment, supported education, family education and support, peer support and psychiatric services. The Community Housing program provides non-time-limited housing and support to help clients live as independently as possible. Residents live in one of the housing residences supported by

Significant Accounting Policies

Basis of Accounting

HopeLink prepares its financial statements on the accrual basis of accounting. Revenues are recognized in the period in which they are earned; expenses are recognized in the period in which they are incurred.

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total and not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with HopeLink's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purpose of reporting on the statement of cash flows, cash includes interest bearing and non-interest bearing demand deposit accounts. HopeLink does not consider the short-term investments contained in its investment portfolio to be cash equivalents. There are no cash equivalents as of June 30, 2024 and 2023.

Promises to Give

Unconditional promises to give are recognized as support in the period the promise is made. Promises to give are expected to be fully collectible and no allowance for doubtful promises to give has been established as of June 30, 2024 and 2023, respectively. Discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Donor-restricted support is reported as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Accounts Receivable

Accounts receivable consist principally of amounts due to HopeLink for government and private contracts and services performed. No interest is accrued on receivables. No provision for doubtful accounts has been established based on management's evaluation of the collectability of receivables. Accounts receivable are considered past due if payments are not received within 30 days of the invoice date. Management records an allowance based on the history of collectability and its efforts to collect outstanding balances. Management will write off receivables when they are deemed to be uncollectible after efforts to collect are exhausted. Management believes the allowance for doubtful accounts of \$0 as of June 30, 2024 and 2023 is adequate.

Property and Equipment

Property and equipment are reflected in the financial statements at cost. HopeLink capitalizes all fixed assets with a purchase price of \$1,000 or greater. Depreciation is computed using the straight line method over the estimated useful lives of the assets. Routine repairs and maintenance are expensed as incurred.

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Intangible Assets

Intangible assets are carried at cost. Amortization is computed using the straight-line method based on the asset's estimated useful life ranging from 3 to 5 years. When the asset is retired or otherwise disposed of, the cost and related accumulated amortization are removed from the accounts, and any resulting gain or loss is recognized.

Investments

Investments are recorded at fair value. Unrealized gains and losses are included in investment income in the statement of activities.

HopeLink invests in a professionally managed portfolio that contains money market funds, mutual funds and exchange traded products. Such investments are exposed to various risks such as market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Money market funds held in HopeLink's investment portfolio are available for HopeLink's short-term cash needs that may arise from time to time.

Custodial Accounts

Custodial accounts are consumer funds held in a custodial capacity to be disbursed in accordance with consumer instructions.

Deferred Revenue

Revenues billed or collected for which the services or function have not been fulfilled are reflected as deferred revenue.

Classes of Assets

In accordance with U.S. GAAP, net assets are classified into two categories: net assets without donor restriction and net assets with donor restriction.

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Classes of Assets (Continued)

Net Assets Without Donor Restrictions

Net assets without donor restriction include operating net assets that are available for the general operations of HopeLink, as well as a Board designated Capital Expenditure and Emergency Fund with net assets set aside for capital expenditures or emergency use.

Net Assets With Donor Restrictions

Net assets with donor restriction include net assets that are subject to donor-imposed restrictions for support of a particular program activity, have time restrictions, or represent contributions received from donors to be held in perpetuity. HopeLink maintains assets with donor restriction that consist of amounts contributed to fund various programs and projects. HopeLink does not maintain any assets that are held in perpetuity as of June 30, 2024 and 2023.

Revenue Recognition

HopeLink provides a multitude of services that assist patients with mental illness in Virginia, but only a limited amount of services are directly engaged with a customer, including consumer fees. The large majority of income is government grants and contributions, which are utilized to support the general public, based on a budget provided.

Disaggregation of Revenue

HopeLink disaggregates revenue according to the type of revenue and whether the service is provided to personal users (customers) or the general public.

Performance Obligations

Private pay agreements are recognized as the services are provided. The contract for private pay is established upon receipt of a signed agreement to identify which type of services the customer would like, in which case HopeLink provides personal services. These contracts can either have a standard hourly rate or unit rate or monthly fixed fee as specified in special-case contracts. Refunds are not provided once services are performed.

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Significant Judgments

HopeLink's management determines and negotiates the price for its private pay agreements each year.

Government Contracts and Grants

Revenue from cost-type grants and contracts is recognized on the basis of reimbursable costs incurred during the period. Revenue from service-based grants is recognized as the services are performed, in accordance with the budget provided from the grantor.

Contributions

Contributions are recorded as support without donor restriction or support with donor restriction. Categorization is based upon the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the nature of the restrictions is met within the reporting period. All other donor-restricted support is reported as an increase in net assets with donor restriction and then reclassified to net assets without donor restriction when the restrictions expire.

Donated Services and In-Kind Contributions

Donated facilities and services represent the estimated fair value of rent and services provided on the date of receipt. The contributions of services are recognized if the services received create non-financial assets or require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated services and in-kind contributions are reported in the Statement of Activities as both revenue and expense.

Income Taxes

HopeLink is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), and has been classified by the Internal Revenue Service (IRS) as other than a private foundation within the meaning of Section 509(a)(1) of the IRC. The organization is, however, subject to income taxes on net profits generated by activities defined as unrelated business activities under applicable tax law. HopeLink has not engaged in any such activities during the years ended June 30, 2024 and 2023.

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Income Taxes (Continued)

In accounting for uncertainty in income taxes, accounting standards require an entity to recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will not be sustained upon examination. Management evaluated HopeLink's tax positions and concluded there are no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Government Contracts and Grants

HopeLink participates in federal grant programs that are subject to financial and compliance audits by the federal agencies and their representatives. As such, there is a possibility that questioned costs might result from such an audit in the future. Management estimates that there are no material unallowable costs.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those

Functional Expense Allocation

Expenses are charged directly to programs in general categories based on specific identification. Certain costs such as salaries and wages, fringe benefits, payroll taxes, professional fees, other, office supplies, conference and training, travel, and advertising have been allocated to programs, management and general, and fundraising expenses based on level of effort. Occupancy, communications, rental and maintenance, depreciation and amortization, and insurance have been allocated to programs and management and general based on level of effort. Legal services has been allocated to management and general and fundraising based on level of effort. Donated services and bad debt expense have been allocated solely to program while accounting and interest have been allocated to management and general based on level of effort.

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Liquidity and Availability of Assets

HopeLink maintains a liquid cash balance in checking accounts in an amount necessary to meet its anticipated expenditures for the next 30 days. Cash in excess of this amount is invested in short-term investments.

HopeLink has secured a line of credit up to \$1,000,000 to help manage cash flow. The outstanding balance is \$0 as of the year ended June 30, 2024. The line of credit expires February 14, 2025.

HopeLink reconciles the balance of financial assets subject to donor restrictions monthly, based on restricted amounts used and received. Restricted cash and investments are separately identified and monitored as part of HopeLink's monthly financial reporting process.

HopeLink's financial assets available within one year to meet cash needs for general expenditures through June 30, 2025 are as follows:

Financial Assets	
Cash	\$ 586,307
Investments	4,030,126
Accounts receivable	2,795,382
Total financial assets	<u>\$ 7,411,815</u>
Less amounts not available within one year	
Purpose restricted net assets	(164,026)
Board designated net assets	<u>(2,252,072)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u><u>\$ 4,995,717</u></u>

2. CASH AND RESTRICTED CASH

Cash as of June 30, 2024 and 2023 consisted of the following:

	2024	2023
Checking	\$ 445,798	\$ 578,580
Money Market	<u>140,509</u>	<u>-</u>
	<u><u>\$ 586,307</u></u>	<u><u>\$ 578,580</u></u>

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

2. CASH AND RESTRICTED CASH (CONTINUED)

The cash accounts are insured by the Federal Deposit Insurance Corporation for amounts up to \$250,000. The amounts in excess of deposit insurance limits were \$203,816 and \$395,054 as of June 30, 2024 and 2023, respectively. Cash subject to donor-imposed restrictions for support of a particular program activity is reported as restricted cash. Restricted cash as of June 30, 2024 and 2023 totaled \$135,946 and \$252,178.

3. ACCOUNTS RECEIVABLE

Receivables at June 30, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Services performed	\$ 2,540,318	\$ 2,544,569
Accrued revenue	<u>255,064</u>	<u>161,560</u>
	<u>\$ 2,795,382</u>	<u>\$ 2,706,129</u>

4. PROMISES TO GIVE

Promises to give as of June 30, 2024 and 2023 consisted of unconditional pledges and are due as follows:

	<u>2024</u>		
	<u>Receivable in</u>		
	<u>Less than</u>	<u>One to</u>	<u>Total</u>
	<u>one year</u>	<u>five years</u>	
Promises to give	<u>\$ 28,080</u>	<u>\$ -</u>	<u>\$ 28,080</u>
	<u>2023</u>		
	<u>Receivable in</u>		
	<u>Less than</u>	<u>One to</u>	<u>Total</u>
	<u>one year</u>	<u>five years</u>	
Promises to give	<u>\$ 2,852</u>	<u>\$ -</u>	<u>\$ 2,852</u>

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

5. PROPERTY AND EQUIPMENT

A summary of information related to property and depreciation for the years ended June 30, 2024 and 2023 are as follows:

	2024				
	Estimated useful life (years)	Cost	Accumulated depreciation	Depreciation expense	Book Value
Land		\$ 57,660	\$ -	\$ -	\$ 57,660
Vehicles	3 - 5	163,867	(162,890)	13,813	977
Furniture and equipment	3 - 10	339,242	(317,444)	14,639	21,798
Building	40	326,738	(203,686)	8,168	123,052
Building improvements	3 - 20	467,501	(431,276)	13,186	36,225
Leasehold improvements	5 - 10	<u>1,287,671</u>	<u>(841,906)</u>	<u>98,740</u>	<u>445,765</u>
		<u>\$ 2,642,679</u>	<u>\$ (1,957,202)</u>	<u>\$ 148,546</u>	<u>\$ 685,477</u>
2023					
	Estimated useful life (years)	Cost	Accumulated depreciation	Depreciation expense	Book Value
Land		\$ 57,660	\$ -	\$ -	\$ 57,660
Vehicles	3 - 5	163,867	(149,077)	14,964	14,790
Furniture and equipment	3 - 10	330,461	(302,805)	17,184	27,656
Building	40	326,738	(195,518)	8,168	131,220
Building improvements	3 - 20	467,502	(418,090)	17,474	49,412
Leasehold improvements	5 - 10	<u>1,279,046</u>	<u>(743,166)</u>	<u>97,951</u>	<u>535,880</u>
		<u>\$ 2,625,274</u>	<u>\$ (1,808,656)</u>	<u>\$ 155,741</u>	<u>\$ 816,618</u>

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

6. INTANGIBLE ASSETS

Intangible asset costs and amortization for the year ended June 30, 2024 and 2023 are as follows:

		2024			
	Estimated useful life (years)	Cost	Accumulated amortization	Amortization expense	Book Value
Website and software	3 - 4	<u>\$ 166,534</u>	<u>\$ (162,122)</u>	<u>\$ 10,324</u>	<u>\$ 4,412</u>
		2023			
	Estimated useful life (years)	Cost	Accumulated amortization	Amortization expense	Book Value
Website and software	3 - 4	<u>\$ 166,534</u>	<u>\$ (151,798)</u>	<u>\$ 11,879</u>	<u>\$ 14,736</u>

7. INVESTMENTS

Investments are recorded at fair value and consist of the following as of June 30, 2024 and 2023:

		2024		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)	
Money market funds	\$ 616,028	\$ 616,028	\$ -	
Mutual funds				
Diversified emerging markets	213,675	224,113	10,438	
Large value	218,283	259,844	41,561	
Nontraditional bond	96,236	93,858	(2,378)	
Foreign small/mid blend	238,686	253,453	14,767	
Intermediate core-plus bond	502,319	452,595	(49,724)	
Foreign large growth	168,205	198,949	30,744	
Mid-cap blend	181,098	182,844	1,746	
Equity-traded products	<u>1,204,970</u>	<u>1,748,442</u>	<u>543,472</u>	
	<u>\$ 3,439,500</u>	<u>\$ 4,030,126</u>	<u>\$ 590,626</u>	

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

7. INVESTMENTS (CONTINUED)

	2023		
	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Money market funds	\$ 1,080,080	\$ 1,080,080	\$ -
Mutual funds			
Diversified emerging markets	211,617	217,163	5,546
Large value	209,318	226,352	17,034
Nontraditional bond	92,281	87,642	(4,639)
Foreign small/mid blend	212,947	224,243	11,296
Intermediate core-plus bond	509,438	185,290	(324,148)
Foreign large growth	161,787	450,983	289,196
Mid-cap blend	176,872	171,083	(5,789)
Exchange-traded products	1,155,184	1,426,095	270,911
	<u>\$ 3,809,524</u>	<u>\$ 4,068,931</u>	<u>\$ 259,407</u>

The Board has designated and set aside a portion of its investment portfolio for capital expenditures and emergency fund use. For the years ended June 30, 2024 and 2023, Board designated funds were \$2,252,072 and \$1,892,887, respectively.

Investment return consisted of the following for the years ended June 30, 2024 and 2023:

	2024	2023
Interest and dividends	\$ 102,850	\$ 93,243
Unrealized and realized gain on investments	359,185	267,554
	<u>\$ 462,035</u>	<u>\$ 360,797</u>

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

8. FAIR VALUE MEASUREMENTS

HopeLink records investments based on fair value on a recurring basis. Financial accounting and reporting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The standards emphasize that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the standards established a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent from the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that HopeLink has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. HopeLink's assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the assets or liabilities.

All investments as of June 30, 2024 and 2023 were considered to be classified as Level 1 investments.

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

9. NET ASSETS WITH DONOR RESTRICTION

A summary of net assets with donor restriction for the years ended June 30, 2024 and 2023 is as follows:

	2024			
	Balance at June 30, 2023	Revenue and Support	Released	Balance at June 30, 2024
Golf Tournament - Outpatient	\$ 85,616	\$ -	\$ 85,616	\$ -
Golf Tournament - TIP	-	84,520	35,376	49,144
Hope Fund	64,552	-	15,711	48,841
Access Hope	54,696	-	54,696	-
Washington Forrest Foundation	29,636	30,000	32,027	27,609
Peer Pilot	12,678	-	12,678	-
TD Charitable Foundation	5,000	-	5,000	-
Sentra Cares	-	30,000	10,234	19,766
Wolf Family Trust	-	150,000	131,334	18,666
Total	<u>\$ 252,178</u>	<u>\$ 294,520</u>	<u>\$ 382,672</u>	<u>\$ 164,026</u>
	2023			
	Balance at June 30, 2022	Revenue and Support	Released	Balance at June 30, 2023
Golf Tournament - Outpatient	\$ -	\$ 85,616	\$ -	\$ 85,616
Hope Fund	71,988	-	7,436	64,552
Access Hope	72,252	150,000	167,556	54,696
Washington Forrest Foundation	-	30,000	364	29,636
Peer Pilot	12,678	-	-	12,678
TD Charitable Foundation	-	10,000	5,000	5,000
Arlington Comm Covid-19 Grant	2,392	-	2,392	-
Private multi-year donation	20,000	-	20,000	-
Total	<u>\$ 179,310</u>	<u>\$ 275,616</u>	<u>\$ 202,748</u>	<u>\$ 252,178</u>

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

10. GIFTS-IN-KIND - DONATED FACILITIES AND SERVICES

Gifts-in-kind consist of donated facilities provided by Fairfax County for program service sites in Mt. Vernon. In addition, it consists of volunteers providing their time as part of the 24-hour service that is the CrisisLink hotline and textline program. Due to the nature of these nonfinancial assets, the services and facility usage were all utilized in the period received and there were no donor restrictions imposed on them. Inputs used to measure the initial recognition of donated facilities consist of a value estimate that is provided by the real estate firm managing the facility on an annual basis. For donated services, inputs consist of the volunteer hourly rate set by management, which is \$20 for the year ended June 30, 2024 and 2023, and the total volunteer hours in a fiscal year.

A summary of donated facilities and services for the years ended June 30, 2023 and 2022 is as follows:

	2024	2023
Donated facilities	\$ 374,554	\$ 363,625
Donated volunteer hours	132,060	225,140
Total donated facilities and services	<u>\$ 506,614</u>	<u>\$ 588,765</u>

Many other volunteers have donated significant amounts of their time to HopeLink program services. The value of these contributions has not been reflected in the financial statements, as they did not meet the criteria for recognition, nor is a practical estimate available.

11. GOVERNMENT CONTRACTS AND GRANTS

Government contracts and grants revenue is as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Fairfax County	\$ 2,765,554	\$ 2,838,064
Health Planning Regions	4,816,706	4,602,316
Medicaid	979,562	1,309,227
Arlington Community Services Board	539,261	790,443
Loudoun County	724,416	754,822
Virginia Department of Health	-	428,539
Virginia Department of Behavioral Health and Developmental Services	768,781	891,231
United States Department of Housing and Urban Development	185,734	164,785
Virginia Department for Aging and Rehabilitative Services	131,029	112,992
SAMHSA VACBP	-	19,826
SAMHSA/Vibrant Emotional Health	7,107,418	1,221,502
	<u>\$ 18,018,461</u>	<u>\$ 13,133,747</u>

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

12. EMPLOYEE BENEFIT PLANS

HopeLink offers a 403(b) deferred annuity plan for eligible employees. All employees are eligible to participate and make contributions to the plan as of the first day of employment. HopeLink matches employee contributions of 1% up to a maximum of 5% of eligible compensation. For the years ended June 30, 2024 and 2023, HopeLink contributed \$247,264 and \$229,238, respectively.

HopeLink also sponsors a deferred compensation plan under IRC Section 457(f). Eligible employees may elect to have amounts, subject to statutory limits, which are annually adjusted, withheld from their compensation and contributed to funds established for the employee's benefit. HopeLink does not contribute to the plan. Deferred compensation assets held by HopeLink under the plan totaled \$99,262 and \$90,194 for the years ended June 30, 2024 and 2023, respectively, and have been reflected within the statement of financial position as an asset and corresponding liability.

13. CONCENTRATIONS - REVENUE

For the years ended June 30, 2024 and 2023, HopeLink received \$14,689,678 (70%) and \$8,661,882 (45%), of total support and revenue from three sources, respectively. Consequently, any material declines in funding from these sources could have a significant negative impact on HopeLink's financial condition.

14. LEASES

Operating Office Lease - Fairfax, Virginia

HopeLink has an operating lease agreement for space in Fairfax, VA. The term for the lease agreement is from September 1, 2017 through January 31, 2029. Rent payments did not begin until February 1, 2018. Under the terms of the lease, HopeLink received a leasehold improvement allowance of \$102,600, which will be amortized over the life of the lease. The rate used for the lease is the Treasury bill rate, which was 2.78% as of the date of transition. The rate reflects the risk-free rate for HopeLink and is the coupon equivalent or investment yield for a 52-week bill. It is based on the purchase price, discount and a 365- or 366-day year. Rent expense was \$228,601 and \$223,026 for the years ended June 30, 2024 and 2023, respectively. There are no renewal or termination clauses within the lease. Neither option is considered reasonably certain for the calculation of the related right-of-use asset and lease liability. The right-of-use asset balance is \$858,647 and \$1,029,251 for the lease as of June 30, 2024 and 2023, respectively.

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

14. LEASES (CONTINUED)

Operating Office Lease - Fairfax, Virginia (Continued)

The estimated future minimum lease payments under the lease agreement as of June 30, 2024 are as follows:

For the fiscal years ended:

2025	\$ 234,316
2026	240,174
2027	246,179
2028	252,333
2029	<u>149,320</u>
	<u>\$ 1,122,322</u>

A reconciliation of the undiscounted cash payments to the operating lease liability for the year ended June 30, 2024 is as follows:

Undiscounted future cash flows	\$ 1,122,322
Less: discount to present value	<u>(70,947)</u>
Operating lease liability	<u>\$ 1,051,375</u>

Operating Office Lease - Oakton, Virginia

HopeLink has an operating lease agreement for space in Oakton, VA. The term for the lease agreement is from April 1, 2018 through March 31, 2029. Under the terms of the lease, HopeLink received a leasehold improvement allowance of \$101,496, which will be amortized over the life of the lease. The rate explicit in the lease is 12%. Rent expense was \$224,290 and \$218,310 for the years ended June 30, 2024 and 2023, respectively. The lease contains renewal clauses; however, the option is not considered reasonably certain to be exercised for the calculation of the related right-of-use asset and lease liability. The right-of-use asset balance as of June 30, 2024 and 2023 was \$667,172 and \$755,197, respectively.

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

14. LEASES (CONTINUED)

Operating Office Lease - Oakton, Virginia (Continued)

The estimated future minimum lease payments under the lease agreement as of June 30, 2024 are as follows:

For the fiscal years ended:

2025	\$ 230,495
2026	236,834
2027	243,347
2028	250,039
2029	<u>191,371</u>
	<u>\$ 1,152,086</u>

A reconciliation of the undiscounted cash payments to the operating lease liability for the year ended June 30, 2024 is as follows:

Undiscounted future cash flows	\$ 1,152,086
Less: discount to present value	<u>(282,357)</u>
Operating lease liability	<u>\$ 869,729</u>

Housing Sublease - Falls Church, Virginia

HopeLink entered into a housing sublease agreement as a lessor for rental of a housing unit in Falls Church, VA. The lease commenced on September 1, 2022 and expired in August 31, 2024. The renewed lease commenced on September 1, 2024 and expires in August 31, 2026. The base monthly rent is \$2,700. Sublease income was \$30,000 and \$30,564 for the years ended June 30, 2024 and 2023, respectively.

The estimated future minimum lease rental income under the lease agreement as of June 30, 2024 is as follows:

For the fiscal year ended:

2025	\$ 32,000
2026	32,400
2027	<u>5,400</u>
	<u>\$ 69,800</u>

HOPELINK BEHAVIORAL HEALTH

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Summarized Comparative Information as of and for the year ended June 30, 2023)

14. LEASES (CONTINUED)

Quantitative disclosures related to leases for the year ended June 30, 2024 are as follows:

Lease cost:	
Operating lease cost	\$ 402,721
Sublease income	<u>(30,000)</u>
Total lease cost	<u>\$ 372,721</u>
Other information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash outflows from operating leases	\$ 452,892
Weighted-average remaining lease term - operating leases	4.7 years
Weighted-average discount rate - operating leases	7.0%

15. COMMITMENTS AND CONTINGENCIES

Revolving Line of Credit

HopeLink had a \$800,000 line of credit with Truist Bank at a variable interest rate of 4% that matured on April 6, 2024. HopeLink transferred into a \$1,000,000 line of credit with Pinnacle Bank in February 15, 2024 at a variable interest rate of 8.125% that will mature on February 14, 2025. The line of credit is secured by HopeLink's contract with Fairfax - Falls Church Community Services Board and by a priority interest in HopeLink's accounts receivable. As of June 30, 2024 and 2023, the outstanding balance on the line of credit was \$0. Interest expense related to this line of credit for the years ended June 30, 2024 and 2023, was \$279 and \$0, respectively.

Employment Agreement

HopeLink has entered into an employment agreement that includes a severance package. Under the terms of the agreement, HopeLink could be required to pay severance of up to \$106,398 under circumstances of termination without cause.

16. SUBSEQUENT EVENTS

In preparing these financial statements, HopeLink has evaluated events and transactions for potential recognition or disclosure through September 30, 2024, the date the financial statements were available to be issued.