

Letter from CFO

Hopelink undertakes accountable and transparent management of all of our fiscal resources to ensure the long-term sustainability of our services in an ever-changing environment. Posting current summary financial statements in our Annual Report and posting the IRS Form 990 on our website is one way we promote transparent accountability.

The following information may help the reader understand the content of these reports.

Internal Revenue Service Form 990

“Contributions” include Government Grant revenue as well as donations from individuals, corporations and foundations in accordance with IRS Regulations. Additional details are included in the Statement of Revenue section (Form 990, Part VIII). Contributions for Form 990 purposes excludes donated use of facilities, also known as in-kind rent contributions; however such amounts are included as revenue in Hopelink’s audited financial statements. Hopelink receives a significant amount of in-kind rent contributions, which allows Hopelink to concentrate its resources on performing its charitable functions and spend less on monthly rent expense.

“Revenue less Expenses” on the Form 990, page 1 does not include In-Kind Rent Contributions, as it is included in “Other Changes in Net Assets” on Form 990, Part XI. Details are provided in Schedule O.

Not-For-Profit Accounting

The reported net income of Hopelink is impacted by the nature of fundraising activities and the unique accounting principles that apply to not-for-profit organizations, including:

Contribution Revenue Recognition – The full amount of unconditional pledges are required to be reported in the year the pledge is communicated, including multi-year pledges. This causes the full amount of a multi-year pledge to be recognized when communication of the pledge is received (large profit first year) with expenses then being recognized in current and future periods as the funds are expended (losses in subsequent periods). As the funds are expended, a release of net assets from temporarily restricted to unrestricted is reported.

Depreciation – Buildings and fixed assets are depreciated over the useful life of the assets. Depreciation is a non-cash expense of the organization yet it reduces the reported net income. The source of funds to purchase or replace most building and fixed assets comes from capital campaigns, organizational reserves or surplus cash.

Contact information: You may contact Susanna Cioch, Hopelink’s CFO at scioch@hope-link.org if you have questions about these documents.