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FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

MULLINS P.C.
A CPA firm dedicated to serving nonprofits

Independent Auditors' Report

The Board of Trustees
Hopkins House
Alexandria, VA

Opinion

We have audited the accompanying financial statements of Hopkins House, which comprise the statement of financial position as of June 30, 2022, 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 Hopkins House as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hopkins House 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hopkins House's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the beginning net assets have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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The Board of Trustees
Hopkins House
Alexandria, VA

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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, 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 Hopkins House'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 Hopkins House'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.

Mullins PC

Certified Public Accountants

Bethesda, Maryland
May 4, 2023

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Hopkins House

Statement of Financial Position
June 30, 2022

Assets

Cash and Cash Equivalents	$ 468,984
Grants and Contributions Receivable	32,589
Property and Equipment, Net	2,600,467
Loan Costs, Net	48,966
Security Deposits	32,353
Total Assets	**$ 3,183,359**

Liabilities and Net Assets

Liabilities	
Accounts Payable and Accrued Expenses	228,672
Mortgage Payable	2,193,200
EIDL Loan Payable	599,900
Deferred Rent	197,189
Accrued Pension Benefit Expense	49,414
Total Liabilities	3,268,375
Net Assets (Deficit)	
Without Donor Restrictions	(406,258)
With Donor Restrictions	321,242
Total Net Assets (Deficit)	(85,016)
Total Liabilities and Net Assets (Deficit)	**$ 3,183,359**

See accompanying Notes to Financial Statements.

Hopkins House

Statement of Activities
For The Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Tuition and Fees	$ 2,186,144	$ -	**$ 2,186,144**
Grants and Contributions	927,509	98,188	**1,025,697**
PPP Forgivable Loan Contribution	310,172	-	**310,172**
Other Income	90	-	**90**
Net Assetes Released from Restrictions	77,716	(77,716)	**-**
Total Support and Revenues	3,501,631	20,472	**3,522,103**
Expenses			
Program Services	2,280,130	-	**2,280,130**
Supporting Services			
General and Administrative	628,300	-	**628,300**
Fundraising	4,937	-	**4,937**
Total Supporting Services	633,237	-	**633,237**
Total Expenses	2,913,367	-	**2,913,367**
Increase (Decrease) in Net Assets from Operations	588,264	20,472	**608,736**
Other Pension Related Changes	102,759	-	**102,759**
Changes in Net Assets	691,023	20,472	**711,495**
Net Assets (Deficit), Beginning of Period	(1,097,281)	300,770	**(796,511)**
Net Assets (Deficit), End of Period	$ (406,258)	$ 321,242	**$ (85,016)**

See accompanying Notes to Financial Statements.

Hopkins House

Statement of Functional Expenses
For The Year Ended June 30, 2022

	Program Services	General and Administrative	Fundraising	**Total**
Personnel	$ 1,377,869	$ 483,469	$ -	**$ 1,861,338**
Professional Fees	70,664	49,500	-	**120,164**
Occupancy	559,557	35,716	-	**595,273**
Office	158,813	48,612	1,278	**208,703**
Travel	4,625	3,255	3,403	**11,283**
Grants and Scholarships	29,357	-	-	**29,357**
Depreciation and Amortization	78,406	5,419	-	**83,825**
Other	839	2,329	256	**3,424**
Total	$ 2,280,130	$ 628,300	$ 4,937	**$ 2,913,367**

See accompanying Notes to Financial Statements.

Hopkins House

Statement of Cash Flows
For The Year Ending June 30, 2022

Cash Flows from Operating Activities	
Change in Net Assets	**$ 711,495**
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by (Used in) Operating Activities	
Depreciation	**78,856**
Amortization of Loan Costs	**4,969**
Accrued Balance on Mortgage Payable	**40,767**
Change in Value of Deferred Rent	**(28,106)**
(Increase) Decrease in Assets	
Accounts Receivable	**18,159**
Increase (Decrease) in Liabilities	
Accounts Payable and Accrued Expenses	**(617,314)**
Accrued Pension Benefit Expense	**(144,759)**
Forgivable Loan - PPP	**(320,172)**
Net Cash Provided by (Used in) Operating Activities	**(256,105)**
Cash Flows from Investing Activities	
Purchases of Property and Equipment	**(34,841)**
Net Cash Provided by (Used in) Investing Activities	**(34,841)**
Cash Flows from Financing Activities	
Proceeds from EIDL Loan Payable	**450,000**
Net Cash Provided by (Used in) Financing Activities	**450,000**
Net Increase (Decrease) in Cash and Cash Equivalents	**159,054**
Cash and Cash Equivalents, Beginning of Period	**309,930**
Cash and Cash Equivalents, End of Period	**$ 468,984**

See accompanying Notes to Financial Statements.

1. ORGANIZATION AND PURPOSE

Hopkins House - A Center for Children & Their Families (Hopkins House) is a not-for-profit organization incorporated in the Commonwealth of Virginia in 1946. Its mission is to provide quality educational programs and opportunities to children, youths, and their families, regardless of income, to help them achieve, in measurably effective ways, their full intellectual, economic, and social potential. This is achieved by developing and implementing high-quality community-based programs. The major sources of income are fees, tuition, contributions, and government grants and contracts.

Hopkins House operates three preschool academies, the Helen Day Preschool Academy established in 1988 and located in the City of Alexandria, the James L. and Juliette McNeil Preschool Academy established in 2007 in Fairfax County, and the Innovative Preschool Academy established in July 2014 in Herndon. All three academies are accredited by the National Association for the Education of Young Children (NAEYC).

In January 2009, through funding from foundations, businesses, and local government, Hopkins House established the Early Childhood Learning Institute (ECLI). In collaboration with Northern Virginia Community College, the ECLI assists low-resourced individuals earning professional credentials and college credits leading toward an Associate degree.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

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

<u>Net Assets Without Donor Restrictions:</u> Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Hopkins House. These net assets may be used at the discretion of management and the Board of Trustees.

<u>Net Assets With Donor Restrictions:</u> 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 Hopkins House or by the passage of time. Other donor restrictions are perpetual in nature, whereby 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.

2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with US 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 year ended June 30, 2022. Actual results could differ from those estimates.

Cash Equivalents

Hopkins House considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

Grants and Contributions Receivable

Grants and contributions receivable are deemed to be fully collectible and are reflected at either net realizable value or at net present value based on projected cash flows. Amounts receivable in more than one year are recorded at net present value, and discounts are not included in the accompanying statements of financial position due to immateriality. As of June 30, 2022, grants and contributions receivable are expected to be collected within one year.

Property and Equipment

Property and equipment is recorded at cost and depreciation is computed on the straight-line method at rates calculated to prorate the cost over their estimated useful lives. Hopkins House capitalizes assets with an original cost of $500 or greater.

Revenue Recognition

Tuition and fees are recognized in the period in which it is earned. Tuition and fees received in advance of the period in which they are earned are included in deferred revenue in the accompanying statements of financial position. Hopkins House maintains a policy of offering scholarships or discounts to qualified applicants whose subsidized funding does not cover the full tuition.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

During the year ended June 30, 2022, Hopkins House recognized a $310,172 forgivable loan contribution from the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The forgivable loan was a conditional contribution that could be recognized as revenue when the underlying conditions were met. Hopkins House elected to treat the legal forgiveness as the condition and recognized the contribution during 2022 when the legal forgiveness was received.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions

Grants awarded by the federal government, which are generally considered nonreciprocal transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying reimbursable expenses have been incurred and conditions under the agreements are met. Hopkins House has elected the simultaneous release policy available under ASU 2018-08 for donor-restricted contributions that were initially conditional contributions, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized.

Revenue from all other sources is recognized when earned.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Direct costs, where identifiable, are allocated in whole to the appropriate functional category. Occupancy and office expenses, depreciation, information technology costs, and insurance have been allocated among the programs and supporting services based on employee time and effort.

Income Tax Status

Hopkins House is recognized as a tax-exempt organization under Internal Revenue Code (IRC) Section 501(c)(3) and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is recorded in the accompanying financial statements as there was no unrelated business taxable income. Contributions to Hopkins House are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has determined that no significant uncertain tax positions qualify for either recognition or disclosure in the financial statements at June 30, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (Continued)

Hopkins House has adopted authoritative guidance relating to accounting for uncertainty in income taxes. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Hopkins House performed an evaluation of uncertain tax positions for the year ended June 30, 2022, and determined that there were no taxes due or other matters that may have an effect on its tax-exempt status.

Hopkins House's policy would be to recognize interest and penalties on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. Through June 30, 2022, there have been no matters that would have resulted in an accrual for interest and/or penalties.

Generally, the tax years before 2019 are no longer subject to examination by federal, state, or local taxing authorities.

New Accounting Pronouncements

In 2016, FASB issued ASU 2016-02, Leases (Topic 842). Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. The new standard applies to finance and operating leases entered into after the standard was issued. Hopkins House does not have any leases requiring recognition on the statement of financial position.

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. This standard was adopted in the current fiscal year and did not have a significant impact on the financial statements.

Subsequent Events

Management has evaluated subsequent events through May 4, 2023 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

3. CONCENTRATION OF CREDIT RISK

Hopkins House maintains cash in bank accounts which, at times, may exceed limits insured by the Federal Deposit Insurance Corporation (FDIC). Hopkins House has not experienced any losses in accounts at banks nor does management believe it is exposed to any significant credit risk on cash and cash equivalents. As of June 30, 2022, there was approximately $150,000 of bank deposits in excess of the FDIC insured balance.

4. PROPERTY AND EQUIPMENT

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

Furniture and Equipment	$ 346,796
Land - Fairfax County	400,000
Building - Fairfax County	3,182,079
Building Improvements - Fairfax County	148,597
Leasehold Improvements	66,513
Total	4,143,985
Less Accumulated Depreciation	(1,543,518)
Property and Equipment, Net	$ 2,600,467

Loan costs consisted of the following at June 30, 2022:

Loan Costs	$ 101,913
Less Accumulated Amortization	(52,947)
Loan Costs, Net	$ 48,966

Depreciation and amortization expense was $83,825 for the year ended June 30, 2022.

5. MORTGAGE PAYABLE

The mortgage payable consists of a bank note payable in the original amount of $3,289,400 issued on October 5, 2017, to consolidate pre-existing bank note balances into one account. The note bears 6% fixed interest and requires monthly interest-only payments of $10,966 through July 5, 2024 at which point the note is payable in full. The loan is secured by real property. The balance of the mortgage as of June 30, 2022 is $2,193,200. No principal loan payments were made during 2022 and approximately $40,000 of principal accrued to the balance.

6. EIDL PAYABLE

Hopkins House has an Economic Injury Disaster Loan (EIDL) with the Small Business Administration (SBA) in the amount of $599,900. Loan payments began in November 2022 and the principal is to be repaid over a thirty year term at an interest rate of 2.75%.

6. EIDL Payable (Continued)

As of June 30, 2022, the future maturities of the EIDL loan payable are as follows:

2023	$	11,953
2024		13,388
2025		13,761
2026		14,143
2027		14,538
Thereafter		532,117
Total	$	599,900

Subsequent to year end, Hopkins House received an additional draw from the EIDL program of approximately $425,000. Including this amount, the total EIDL payable balance subsequent to June 30, 2023 was $1,025,000.

7. Net Assets

Net assets with donor restrictions as of June 30, 2022, are restricted for the following purposes:

Temporary:	Beginning of Year	Support and Contributions	Releases	End of Year
ECLI Program	$ 103,639	$ 98,188	$ (77,716)	$ 124,111
Permanent:				
Preschool Scholarship Endowment	99,023	-	-	99,023
Beander Scholarship	11,763	-	-	11,763
Alexander Fund	86,345	-	-	86,345
	$ 300,770	$ 98,188	$ (77,716)	$ 321,242

Net assets without donor restrictions were not designated at June 30, 2022.

8. Commitments and Contingencies

Operating Leases

Hopkins House leased space for its headquarters under a non-cancelable lease, which commenced on October 5, 2010. The lease expired on October 31, 2020 and Hopkins House relocated is headquarters to a building it owns. Hopkins House leases a facility for its Innovative Preschool Academy in Herndon, Virginia. The lease commenced April 1, 2014 and expires on July 23, 2023. This lease calls for monthly payments of $15,261 with annual rental increases of 3%. This lease was amended November 22, 2017 to reduce the base rent to $6,680 per month through November 30, 2019. On January 31, 2020, the lease was amended to extend the reduced base rent period through November 30, 2020 at $7,750 per month effective January 1, 2020.

8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases (Continued)

On December 28, 2018, Hopkins House entered into an agreement to lease back for 17 months the Alexandria building it sold, commencing on December 28, 2018. Monthly rent payment will be $14,725 for the first twelve months, and approximately $18,406 for the remaining five months. The Alexandria building lease is currently on a month-to-month basis.

The difference between the straight-line rent and actual rent payments is recognized as a deferred rent liability in the accompanying statement of financial position. As of June 30, 2022, the deferred rent balance was $197,189. Rent expense was $241,594 for the year ended June 30, 2022.

Future minimum lease payments are as follows for the years ending June 30:

2023	$ 93,000
2024	7,750
Total	$ 100,750

Employment Contract

Hopkins House has entered into an employment agreement with the President of Hopkins House, which expired on June 30, 2020 and was extended until June 30, 2025. The agreement provides for severance payments due to the President in the event of termination without cause. The severance compensation equates to the greater of the amount owed through the remainder of the term of the signed agreement or one year's salary from the date after termination.

9. ENDOWMENTS

Under accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of Hopkins House has interpreted the state of Virginia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, Hopkins House classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

9. ENDOWMENTS (CONTINUED)

The remaining portion of the donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Hopkins House in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Hopkins House considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) the duration and preservation of the fund; (2) the purposes of Hopkins House and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation or depreciation of investments; (6) other resources of Hopkins House; and (7) the investment policies of Hopkins House.

Return Objectives and Risk Parameters

Hopkins House has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Hopkins House must hold in perpetuity, unless appropriations are permitted under UPMIFA.

Under the policy, as approved by the Board of Trustees, any endowment assets maintained are to be invested in a manner that is intended to produce results comparable to the S&P 500, an intermediate government/corporate bond index, and 90 Day Treasury Notes while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Hopkins House relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yields (interest and dividends). When endowment assets are held, Hopkins House targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

When funds are available for appropriation, Hopkins House's spending policies vary for each endowment fund. The Elward J. Alexander Memorial Gift Fund's policy allows an appropriation of $1,000 of the fund's earnings on an annual basis. Hopkins House considers long-term expected returns on its endowment fund and the needs of Hopkins House when establishing the policies.

9. ENDOWMENTS (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with the endowment funds may fall below the level that the donors require to be retained as a fund of perpetual duration. Hopkins House has interpreted UPMIFA to permit spending from funds with deficiencies in accordance with prudent measures required under law.

Endowment Net Asset Composition and Activity

Endowment net assets were comprised of the following at June 30, 2022:

	Beginning of Year	Support and Contributions	Releases	End of Year
Preschool Scholarship Endowment	$ 99,023	$ -	$ -	$ 99,023
Beander Scholarship	11,763	-	-	11,763
Alexander Fund	86,345	-	-	86,345
	$ 197,131	$ -	$ -	$ 197,131

Hopkins House had commingled the endowment assets with general operating assets and the endowment assets were fully depleted. This resulted primarily from continued appropriations that, in the judgment of the Board of Trustees, were deemed prudent in order to ensure the continued operations of Hopkins House and its programs. When funds become available, the intent is to appropriate future earnings to fully satisfy the funding deficiencies.

10. DEFINED BENEFIT PLAN

In 1976, Hopkins House established a defined benefit plan for eligible employees. The following table presents the funded status of the defined benefit plan as of June 30, 2022.

Projected Benefit Obligation	
Projected Benefit Obligation - End of Year	$ 241,056
Fair Value of Plan Assets	191,642
Funded Status - End of Year	$ (49,414)
Accumulated Benefit Obligation	$ 241,056

10. DEFINED BENEFIT PLAN (CONTINUED)

Change In Plan Assets		
Assets - Beginning of Year	$	169,673
Employer Contributions		45,500
Benefits Paid		(23,815)
Actual Gain (Loss) on Plan Assets		284
Assets - End of Year	$	191,642

Components of Net Periodic Benefit Cost		
Service Cost	$	2,277
Interest Cost		8,146
Expected Return on Plan Assets		(7,220)
Amortization of Transition Obligation (Asset)		-
Total	$	3,203

Other Pension Related Changes		
Net (Gain) Loss	$	102,462
Transition Obligation (Asset)		-
	$	102,462

Amounts that have not yet been recognized as components of net periodic benefit cost that will be amortized over the next fiscal year are estimated as follows:

Net (Gain) Loss	$	(102,462)

Weighted-average assumptions used to determine benefit obligation as of end of the year:

Discount Rate	2.30%
Long Term Rate of Return on Plan Assets	4.00%

As of June 30, 2022, Hopkins House projects the following benefit payments over the next ten fiscal years.

2023	$	20,000
2024		20,000
2025		20,000
2026		20,000
2027		19,000
2028 - 2032	$	89,000

10. DEFINED BENEFIT PLAN (CONTINUED)

In order to provide benefits at normal retirement age, the principal goal of the investments of the Plan are both security and long-term stability with moderate growth commensurate with the anticipated retirement dates of participants. The expected return on assets was based on the asset allocation of the Plan and the anticipated long-term economic outlook of the Trustees of the Plan. The assets of the Plan are invested primarily in both equity and fixed income mutual funds. The fair value of these assets is based on Level 1 inputs, quoted prices in active markets for identical investments.

Hopkins House projects making a minimum annual contribution to the plan of $45,500. Through June 30, 2022, Hopkins House has met the Plan's minimum funding requirements.

11. DEFINED CONTRIBUTION PLAN

Hopkins House has a simplified employee pension plan under which all employees are eligible to participate after two years of service. All participants are 100% vested. Optional employer contributions of up to 15% are permitted; the plan does not permit employee contributions. No employer contributions were made during the year ended June 30, 2022.

12. AVAILABILITY AND LIQUIDITY

The following represents Hopkins House' financial assets at June 30, 2022:

Financial Assets at Year End:		
Cash and Cash Equivalents	$	468,984
Grants and Contributions Receivable		32,589
Total Financial Assets		501,573
Less Amounts Not Available To Be Used Within One Year:		
Net Assets With Donor Restrictions		(321,242)
Less: Net Assets With Purpose Restrictions To Be Met in Less Than a Year		31,028
Quasi Endowment Established by the Board		-
		(290,214)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	$	211,359

As part of Hopkins House's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

13. RESULTS OF OPERATIONS AND MANAGEMENT'S PLANS

Hopkins House has a net asset deficit at June 30, 2022 of $85,016. The net asset deficit was primarily driven by a reduction in government tuition funding for children of military families due to a temporary suspension of a service contract with the military at one of its preschool academies, as well as additional costs associated with opening a new preschool academy.

Hopkins House's management continually maintains and reviews contingency plans as a prudent measure to ensure the continued viability of operations. These plans include new and expanded fundraising efforts, combined capital campaigns, planned giving, replenishment of the endowment, cost-cutting, and restructuring of its capital assets. The financial statements do not include any adjustments that might be necessary if Hopkins House is unable to continue as a going concern.

14. CORRECTIONS OF ACCOUNTING ERRORS

During 2022, the opening net assets were decreased because accounting errors were discovered. The impact of those corrections on net assets without donor restrictions, net asset with donor restrictions and total net assets are disclosed below.

	Without Donor Restrictions	With Donor Restrictions	**Total**
Net Assets (Deficit), Beginning of Period - As Orgininall Stated	$ (1,052,803)	$ 273,197	**$ (779,606)**
Adjustments:			
Grants and Contributions Receivable	23,175	27,573	**50,748**
Deferred Rent	(23,018)	-	**(23,018)**
Accrued Pension Benefit Expense	(44,635)	-	**(44,635)**
	(44,478)	27,573	**(16,905)**
Net Assets (Deficit), Beginning of Period - Adjusted	$ (1,097,281)	$ 300,770	**$ (796,511)**