

**CENTERLINK, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**CENTERLINK, INC.**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
CenterLink, Inc.  
1001 W. Cypress Creek Rd.  
Fort Lauderdale, FL 33309

**Report on the Financial Statements**

We have audited the accompanying financial statements of CenterLink, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CenterLink, Inc. as of December 31, 2016 and 2015, 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.

*Liggett & Webb, P.A.*

LIGGETT & WEBB P.A.  
Certified Public Accountants  
Boynton Beach, Florida  
April 14, 2017

**CENTERLINK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u><b>ASSETS</b></u>	
	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 357,235	\$ 433,870
Accounts and grants receivable, net of provision for uncollectible accounts of \$0 and \$0, respectively	83,371	69,909
Prepaid expenses	21,109	13,624
Total Current Assets	<u>461,715</u>	<u>517,403</u>
<b>FURNITURE AND EQUIPMENT</b>		
Furniture and Computer Equipment	15,770	15,769
Less: Accumulated depreciation	<u>(15,770)</u>	<u>(12,826)</u>
Net Furniture and Equipment	-	2,943
<b>DEPOSITS</b>	6,518	-
<b>TOTAL ASSETS</b>	\$ <u>468,233</u>	\$ <u>520,346</u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 41,816	\$ 28,710
Deferred revenue	11,351	8,368
Total liabilities	<u>53,167</u>	<u>37,078</u>
Net assets		
Unrestricted	371,770	377,007
Temporarily Restricted	43,296	106,261
Total Net Assets	<u>415,066</u>	<u>483,268</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ <u>468,233</u>	\$ <u>520,346</u>

See accompanying notes to financial statements.

**CENTERLINK, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenue</b>						
Federal Grants	\$ 681,443	\$ -	\$ 681,443	\$ 623,966	\$ -	\$ 623,966
Other Grants	229,960	43,296	273,256	269,247	106,261	375,508
Contributions	167,303	-	167,303	146,922	-	146,922
Membership dues	77,525	-	77,525	67,850	-	67,850
Conference income	23,390	-	23,390	13,900	-	13,900
Program Service Fees	30,099	-	30,099	29,236	-	29,236
In-kind	47,892	-	47,892	4,328	-	4,328
Interest Income	1,819	-	1,819	1,757	-	1,757
Net Assets Released from Restrictions	106,261	(106,261)	-	37,126	(37,126)	-
Total Revenue	1,365,692	(62,965)	1,302,727	1,194,332	69,135	1,263,467
<b>Expenses</b>						
Program services	1,256,704	-	1,256,704	1,048,953	-	1,048,953
General and administrative	93,550	-	93,550	36,270	-	36,270
Fundraising services	20,675	-	20,675	15,245	-	15,245
Total Expenses	1,370,929	-	1,370,929	1,100,468	-	1,100,468
<b>Change in Net Assets</b>	(5,237)	(62,965)	(68,202)	93,864	69,135	162,999
Net Assets, Beginning of year	377,007	106,261	483,268	283,143	37,126	320,269
Net Assets, End of year	\$ 371,770	\$ 43,296	\$ 415,066	\$ 377,007	\$ 106,261	\$ 483,268

See accompanying notes to financial statements.



**CENTERLINK, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 488,678	\$ 23,372	\$ 12,228	\$ 524,278
Employee benefits	61,983	2,943	1,384	66,310
Payroll taxes	<u>39,422</u>	<u>1,895</u>	<u>946</u>	<u>42,263</u>
Total salaries and Related employee benefits	590,083	28,210	14,558	632,851
In-kind expenses	7,173	40,719	-	47,892
Occupancy	27,242	3,203	1,601	32,046
Consultants	79,959	2,272	-	82,231
Subcontractor Expense	247,500	-	-	247,500
Conferences and meetings	27,742	3,179	-	30,921
Technical Assistance	51,600	1,549	756	53,905
Travel and lodging	103,608	7,733	-	111,341
Office supplies and expense	18,286	325	104	18,715
Accounting and auditing	6,375	750	375	7,500
Telephone and fax	9,882	1,437	355	11,674
Insurance	2,973	303	155	3,431
Printing and publications	20,538	-	-	20,538
Postage and shipping	10,731	95	8	10,834
Depreciation	2,501	59	383	2,943
Dues and subscriptions	14,364	531	963	15,858
Board expense	625	268	-	893
Repairs and maintenance	4,913	333	167	5,413
Bank charges	54	454	1	509
Miscellaneous	<u>30,555</u>	<u>2,130</u>	<u>1,249</u>	<u>33,934</u>
Total Expenses	\$ <u>1,256,704</u>	\$ <u>93,550</u>	\$ <u>20,675</u>	\$ <u>1,370,929</u>

See accompanying notes to financial statements.

**CENTERLINK, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSE**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 488,570	\$ 22,250	\$ 9,413	\$ 520,233
Employee benefits	52,840	2,273	876	55,989
Payroll taxes	38,867	1,900	743	41,510
Total salaries and Related employee benefits	<u>580,277</u>	<u>26,423</u>	<u>11,032</u>	<u>617,732</u>
 In-kind expenses	 4,328	 -	 -	 4,328
Occupancy	22,226	2,119	1,058	25,403
Consultants	47,634	-	-	47,634
Subcontractor Expense	159,536	-	-	159,536
Conferences and meetings	19,741	-	-	19,741
Technical Assistance	22,575	1,027	173	23,775
 Travel and lodging	 91,973	 -	 816	 92,789
Office supplies and expense	18,499	543	21	19,063
Accounting and auditing	10,200	1,360	600	12,160
Telephone and fax	6,987	368	179	7,534
 Insurance	 2,398	 173	 87	 2,658
Printing and publications	11,241	-	-	11,241
Postage and shipping	9,135	38	13	9,186
Depreciation	3,369	515	79	3,963
 Dues and subscriptions	 10,851	 146	 56	 11,053
Board expense	1,368	-	-	1,368
Repairs and maintenance	6,192	420	157	6,769
Bank charges	317	-	-	317
 Miscellaneous	 <u>20,106</u>	 <u>3,138</u>	 <u>974</u>	 <u>24,218</u>
 Total Expenses	 \$ <u>1,048,953</u>	 \$ <u>36,270</u>	 \$ <u>15,245</u>	 \$ <u>1,100,468</u>

See accompanying notes to financial statements.

**CENTERLINK, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (68,202)	\$ 162,999
Adjustments to reconcile change in net assets to cash provided by/(used in) operating activities:		
Depreciation	2,943	3,963
(Increase) decrease in operating assets:		
Accounts and grants receivable	(13,462)	(24,185)
Prepaid expenses	(7,485)	(1,932)
Deposits	(6,518)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	13,106	(8,164)
Deferred revenue	2,983	4,044
Net Cash Provided By/(Used in) Operating Activities	<u>(76,635)</u>	<u>136,725</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	<u>-</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(76,635)	136,725
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>433,870</u>	<u>297,145</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>357,235</u>	\$ <u>433,870</u>

See accompanying notes to financial statements.



**CENTERLINK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1**     **ORGANIZATION AND NATURE OF ACTIVITIES**

CenterLink, Inc. is a Not-for-Profit organization incorporated in Delaware in January of 2001. Its purpose is to provide technical assistance, training, cross-training and regional and national networking opportunities for 200 community centers nationwide. Through our LGBT HealthLink program, we work to enhance LGBT health by eliminating tobacco use, and other health disparities within our communities.

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

**Basis of Presentation**

Financial statement presentation follows the recommendations of FASB ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, CenterLink, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, the net assets of CenterLink, Inc. and changes therein are classified and reported as follows:

**Unrestricted Funds**

Unrestricted net assets represent resources over which the Board of Directors has discretionary control and are used to carry out operations of CenterLink, Inc. in accordance with its bylaws. CenterLink, Inc. has elected to report contributions which are released from restrictions in the year received as unrestricted contributions.

**Temporarily Restricted Funds**

Temporarily restricted net assets represent contributions which have been restricted by donors for specific programs or activities. Donor-restricted support is reported as an increase in temporarily restricted net assets. Restrictions which have been met by the passage of time or expenditure of net assets are reported as net assets released from restrictions on the Statement of Activities.

**Permanently Restricted Funds**

Permanently restricted net assets represent contributions whose use by the Organization is limited by donor-imposed stipulations that neither expire with the

passage of time nor can be fulfilled or otherwise removed by actions of the Organization. These net assets are invested in perpetuity, the income from which is expended for program purposes.

CenterLink, Inc. does not have any permanently restricted net assets.

### **Basis of Accounting**

The financial statements of CenterLink, Inc. have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses when incurred.

### **Cash and Cash Equivalents**

CenterLink, Inc. considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

### **Accounts and Grants Receivable**

Accounts receivable are stated at their realizable value. Accounts receivable consist of amounts due from members and grants receivable represent commitments due from supporting organizations. It is the CenterLink, Inc's policy to charge off uncollectible accounts and grants receivable when management determines the receivable will not be collected.

### **Property and Equipment**

Property and equipment are carried at cost and depreciated on a straight line method over the estimated useful lives of the assets, which is three years. Items costing less than \$2,000 are charged to expense.

### **Contributions Revenue**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or absence of donor restrictions.

### **Conference Income**

Conference income consists of revenue earned from the executive summit held annually. Conference income is recognized when the conference is held.

### **Deferred Revenue**

Deferred revenue consists of membership dues received in advance, applicable to the following year and deferred grant revenue that fits the classification of an exchange



transaction (as per FASB ASC 958-605-55-8). Membership and grant revenue is recognized as it has been earned.

### **Use of Estimates**

Management uses estimates and assumptions in the preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the reported revenues and expenses, and disclosures. Significant estimates include the useful lives of property and equipment and allowance for doubtful accounts. Accordingly, actual results could differ from those estimates, which were assumed in preparing the financial statements.

### **Income Taxes**

CenterLink, Inc. is a Not-for-Profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Company federal income tax returns for the years ended December 31, 2013 through December 31, 2016 remain subject to examination by the Internal Revenue Service as of December 31, 2016.

### **Concentration of Credit Risk**

CenterLink, Inc. maintains four bank accounts at one bank, which, at times, may have balances that exceed federally insured limits. CenterLink, Inc. believes it is not exposed to any significant credit risk on its cash balances and has not experienced any losses in such accounts as of December 31, 2016 and 2015. At December 31, 2016 and 2015, the Organization had cash balances in excess of FDIC limits of \$106,985 and \$273,758, respectively.

### **Concentrations of Contributions**

During 2016, the organization recognized revenue from one federal grantor and one other grantor that made up approximately 52% and 15% of total revenue, respectively. During 2015, the organization recognized revenue from one federal grantor and one other grantor that made up approximately 49%, and 16% of total revenue, respectively.

As of December 31, 2016, 56% and 12% of the accounts and grant receivable balance was owed from two donors and as of December 31, 2015, 69% and 12% of the accounts and grant receivable balance was owed from two donors.

## **NOTE 3 COMMITMENTS**

On February 2, 2016, the Organization began to offer a retirement plan (401K) to its employees. The plan is available to employees upon the completion of six months of

employment and with a minimum age requirement of 21 years of age. The Organization has agreed to match 100% of the first 8% of compensation that each employee contributes up to \$2,000.

On March 15, 2016, the Organization entered into a three year lease agreement for office space in Fort Lauderdale, Florida for a total of \$3,180/month, including sales tax, through June 30, 2019. Future minimum commitments related to non-cancelable leases as of December 31, 2016 are as follows:

For the year ended:

December 31, 2017	\$	38,160
December 31, 2018		38,160
December 31, 2019		19,080
Total	\$	<u>95,400</u>

Rent expense for the years ended December 31, 2016 and 2015, was \$19,080 and \$21,959, respectively.

#### **NOTE 4**      **ASSISTANCE FROM GOVERNMENTAL AGENCIES**

The Organization entered into a five year agreement with the Department of Health Centers for Disease Control and Prevention (CDC). The project period is from September 30, 2014 to September 29, 2018, with annual funding for the project of \$626,000 per contract year. During the year ended December 31, 2016, the organization had expended \$681,443. During the year ended December 31, 2015, the organization had expended approximately \$623,966.

#### **NOTE 5**      **RELATED PARTY TRANSACTIONS**

During the years ended December 31, 2016 and December 31, 2015, various board members contributed \$22,870 and \$14,618, respectively, as donations.

#### **NOTE 6**      **DONATED ITEMS**

The value of donated placement services and office supplies in 2016 and 2015 was \$47,892 and \$4,328. These donated items have been recorded as in-kind revenue, as well as program services in the accompanying Statement of Activities and Changes in Net Assets.

#### **NOTE 7**      **SUBSEQUENT EVENTS**

In preparing the financial statements, the Company has evaluated events and transaction for potential recognition or disclosure through April 14, 2017, the date the financial statements were issued.