

CENTERLINK, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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, 2017 and 2016, 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, 2017 and 2016, 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
March 26, 2018

CENTERLINK, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016

	<u>ASSETS</u>		<u>2017</u>		<u>2016</u>
ASSETS					
Current assets					
Cash and cash equivalents		\$	282,884	\$	357,235
Accounts and grants receivable, net of provision for uncollectible accounts of \$0 and \$0, respectively			170,816		83,371
Prepaid expenses			14,024		21,109
Total Current Assets			<u>467,724</u>		<u>461,715</u>
FURNITURE AND EQUIPMENT					
Furniture and Computer Equipment			20,461		15,770
Less: Accumulated depreciation			<u>17,334</u>		<u>15,770</u>
Net Furniture and Equipment			3,127		-
DEPOSITS			6,441		6,518
TOTAL ASSETS		\$	<u>477,292</u>	\$	<u>468,233</u>
 <u>LIABILITIES AND NET ASSETS</u> 					
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accrued expenses		\$	69,518	\$	41,816
Deferred revenue			3,205		11,351
Total liabilities			<u>72,723</u>		<u>53,167</u>
COMMITMENTS AND CONTINGENCIES (SEE NOTE 3)			-		-
Net assets					
Unrestricted			336,226		371,770
Temporarily Restricted			<u>68,343</u>		<u>43,296</u>
Total Net Assets			404,569		415,066
TOTAL LIABILITIES AND NET ASSETS		\$	<u>477,292</u>	\$	<u>468,233</u>

See accompanying notes to financial statements.

CENTERLINK, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue						
Federal Grants	\$ 649,584	\$ -	\$ 649,584	\$ 681,443	\$ -	\$ 681,443
Other Grants	379,619	68,343	447,962	229,960	43,296	273,256
Contributions	218,823	-	218,823	167,303	-	167,303
Membership dues	74,210	-	74,210	77,525	-	77,525
Conference income	23,194	-	23,194	23,390	-	23,390
Program Service Fees	20,767	-	20,767	30,099	-	30,099
In-kind	19,924	-	19,924	47,892	-	47,892
Miscellaneous Income	40,552	-	40,552	-	-	-
Interest Income	1,760	-	1,760	1,819	-	1,819
Net Assets Released from Restrictions	43,296	(43,296)	-	106,261	(106,261)	-
Total Revenue	1,471,729	25,047	1,496,776	1,365,692	(62,965)	1,302,727
Expenses						
Program services	1,427,961	-	1,427,961	1,256,704	-	1,256,704
General and administrative	57,439	-	57,439	93,550	-	93,550
Fundraising services	21,873	-	21,873	20,675	-	20,675
Total Expenses	1,507,273	-	1,507,273	1,370,929	-	1,370,929
Change in Net Assets	(35,544)	25,047	(10,497)	(5,237)	(62,965)	(68,202)
Net Assets, Beginning of year	371,770	43,296	415,066	377,007	106,261	483,268
Net Assets, End of year	\$ 336,226	\$ 68,343	\$ 404,569	\$ 371,770	\$ 43,296	\$ 415,066

See accompanying notes to financial statements.

CENTERLINK, INC.
SCHEDULE OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 579,140	\$ 21,130	\$ 13,596	\$ 613,866
Employee benefits	70,973	1,872	1,136	73,981
Payroll taxes	<u>46,069</u>	<u>1,563</u>	<u>1,069</u>	<u>48,701</u>
Total salaries and Related employee benefits	696,182	24,565	15,801	736,548
In-kind expenses	19,924	-	-	19,924
Occupancy	35,984	2,514	900	39,398
Consultants	167,134	336	2,270	169,740
Grants	176,802	-	-	176,802
Conferences and meetings	46,328	-	-	46,328
Technical Assistance	28,135	999	500	29,634
Travel and lodging	155,037	5,340	-	160,377
Office supplies and expense	18,650	320	-	18,970
Accounting and auditing	7,362	425	213	8,000
Telephone and fax	6,685	436	145	7,266
Insurance	3,222	379	189	3,790
Printing and publications	8,860	91	-	8,951
Postage and shipping	8,267	61	-	8,328
Depreciation	1,329	203	32	1,564
Dues and subscriptions	17,037	529	730	18,296
Board expense	1,657	-	-	1,657
Repairs and maintenance	4,820	634	229	5,683
Bank charges	1,603	90	1	1,694
Miscellaneous	<u>22,943</u>	<u>20,517</u>	<u>863</u>	<u>44,323</u>
Total Expenses	\$ <u>1,427,961</u>	\$ <u>57,439</u>	\$ <u>21,873</u>	\$ <u>1,507,273</u>

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
Grants	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.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (10,497)	\$ (68,202)
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation	1,564	2,943
(Increase) decrease in operating assets:		
Accounts and grants receivable	(87,445)	(13,462)
Prepaid expenses	7,085	(7,485)
Deposits	77	(6,518)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	27,702	13,106
Deferred revenue	(8,146)	2,983
Net Cash Used in Operating Activities	<u>(69,660)</u>	<u>(76,635)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment	<u>(4,691)</u>	<u>-</u>
Net Cash Used in Investing Activities	(4,691)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(74,351)</u>	<u>(76,635)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>357,235</u>	<u>433,870</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 282,884</u>	<u>\$ 357,235</u>

See accompanying notes to financial statements.

CENTERLINK, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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 207 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.

CENTERLINK, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D**

Temporarily restricted net assets are available for the following purposes as of December 31st:

Purpose	Balance January 1, 2017	Additions	Usage	Balance December 31, 2017
LGBT Mental Health Initiative, Benevon Effort, & LGBTQA+ Digital Center	\$ 43,296	\$ 68,343	\$ 43,296	\$ 68,343

Purpose	Balance January 1, 2016	Additions	Usage	Balance December 31, 2016
LGBT Mental Health Initiative	\$ 106,261	\$ 43,296	\$ 106,261	\$ 43,296

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.

CENTERLINK, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D**

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.

CENTERLINK, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D**

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, 2014 through December 31, 2017 remain subject to examination by the Internal Revenue Service as of December 31, 2017.

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, 2017 and 2016. At December 31, 2017 and 2016, the Organization had cash balances in excess of FDIC limits of \$170,134 and \$106,985, respectively.

Concentrations of Contributions

During 2017, the organization recognized revenue from one federal grantor and one other grantor that made up approximately 44% and 14% of total revenue, respectively. 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.

As of December 31, 2017, 57% and 10% of the accounts and grant receivable balance was owed from two donors and as of December 31, 2016, 56% 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.

CENTERLINK, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 3 **COMMITMENTS CONT'D**

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, 2017 are as follows:

For the year ended:

December 31, 2018	\$	38,160
December 31, 2019		<u>19,080</u>
Total	\$	<u>57,240</u>

Rent expense for the years ended December 31, 2017 and 2016, was \$36,396 and \$19,080, respectively.

On April 3, 2017, the Organization entered into a two year employment agreement with its CEO with an annual salary of \$130,000 with annual increases and bonuses determined by the Board any time prior to March 31st each year. The CEO is also entitled to four weeks of annual vacation and to participate in the Organizations employees benefit plans.

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, 2017, the organization had expended approximately \$649,584. During the year ended December 31, 2016, the organization had expended approximately \$681,443.

NOTE 5 **RELATED PARTY TRANSACTIONS**

During the years ended December 31, 2017 and December 31, 2016, various board members contributed \$19,575 and \$22,870, respectively, as donations.

On May 30, 2017, the Organization entered into a consulting agreement with the former CEO. The consulting agreement is for \$6,000 a month effective through December 31, 2017 and will be renewed and update each year. During 2017, the former CEO was paid \$42,000.

CENTERLINK, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 6 **DONATED ITEMS**

The value of donated placement services and office supplies in 2017 and 2016 was \$19,924 and \$47,892. 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 March 26, 2018, the date the financial statements were issued.