

**CENTERLINK, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**CENTERLINK, INC.**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of CenterLink, Inc.  
PO Box 24490  
Fort Lauderdale, FL 33307

**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, 2015 and 2014 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, 2015 and 2014 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.  
Certified Public Accountants  
Boynton Beach, Florida  
April 26, 2016

**CENTERLINK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b><u>ASSETS</u></b>		
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 433,870	\$ 297,145
Accounts and grants receivable, net of provision for uncollectible accounts of \$0 and \$0, respectively	69,909	45,724
Prepaid expenses	13,624	11,692
<b>Total Current Assets</b>	<u>517,403</u>	<u>354,561</u>
<b>FURNITURE AND EQUIPMENT</b>		
Furniture and Computer Equipment	15,769	15,769
Less: Accumulated depreciation	<u>(12,826)</u>	<u>(8,863)</u>
<b>Net Furniture and Equipment</b>	2,943	6,906
<b>TOTAL ASSETS</b>	<u>\$ 520,346</u>	<u>\$ 361,467</u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 28,710	\$ 36,874
Deferred revenue	<u>8,368</u>	<u>4,324</u>
<b>Total liabilities</b>	37,078	41,198
 Net assets		
Unrestricted	377,007	283,143
Temporarily Restricted	<u>106,261</u>	<u>37,126</u>
<b>Total Net Assets</b>	483,268	320,269
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 520,346</u>	<u>\$ 361,467</u>

See accompanying notes to financial statements.

**CENTERLINK, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenue</b>						
Federal Grants	\$ 623,966	\$ -	\$ 623,966	\$ 638,128	\$ -	\$ 638,128
Other Grants	269,247	106,261	375,508	517,610	37,126	554,736
Contributions	146,922	-	146,922	136,887	-	136,887
Membership dues	67,850	-	67,850	61,750	-	61,750
Conference income	13,900	-	13,900	16,375	-	16,375
Program Service Fees	29,236	-	29,236	11,540	-	11,540
In-kind	4,328	-	4,328	2,274	-	2,274
Interest Income	1,757	-	1,757	2,045	-	2,045
Net Assets Released from Restrictions	37,126	(37,126)	-	-	-	-
<b>Total Revenue</b>	<u>1,194,332</u>	<u>69,135</u>	<u>1,263,467</u>	<u>1,386,609</u>	<u>37,126</u>	<u>1,423,735</u>
<b>Expenses</b>						
Program services	1,048,953	-	1,048,953	1,244,979	-	1,244,979
General and administrative	36,270	-	36,270	38,968	-	38,968
Fundraising services	15,245	-	15,245	11,677	-	11,677
<b>Total Expenses</b>	<u>1,100,468</u>	<u>-</u>	<u>1,100,468</u>	<u>1,295,624</u>	<u>-</u>	<u>1,295,624</u>
<b>Change in Net Assets</b>	<u>93,864</u>	<u>69,135</u>	<u>162,999</u>	<u>90,985</u>	<u>37,126</u>	<u>128,111</u>
Net Assets, Beginning of year	<u>283,143</u>	<u>37,126</u>	<u>320,269</u>	<u>192,158</u>	<u>-</u>	<u>192,158</u>
Net Assets, End of year	<u>\$ 377,007</u>	<u>\$ 106,261</u>	<u>\$ 483,268</u>	<u>\$ 283,143</u>	<u>\$ 37,126</u>	<u>\$ 320,269</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	<u>38,867</u>	<u>1,900</u>	<u>743</u>	<u>41,510</u>
Total salaries and Related employee benefits	580,277	26,423	11,032	617,732
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.**  
**SCHEDULE OF FUNCTIONAL EXPENSE**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 430,306	\$ 28,441	\$ 8,667	\$ 467,414
Employee benefits	44,857	1,879	799	47,535
Payroll taxes	<u>34,058</u>	<u>2,392</u>	<u>698</u>	<u>37,148</u>
Total salaries and Related employee benefits	509,221	32,712	10,164	552,097
In-kind expenses	2,274	-	-	2,274
Occupancy	25,523	1,662	259	27,444
Consultants	106,428	-	-	106,428
Subcontractor Expense	311,429	-	-	311,429
Conferences and meetings	21,006	-	-	21,006
Technical Assistance	52,505	970	154	53,629
Travel and lodging	135,610	-	-	135,610
Office supplies and expense	21,010	179	29	21,218
Accounting and auditing	6,679	1,084	120	7,883
Telephone and fax	6,993	156	26	7,175
Insurance	2,148	390	35	2,573
Printing and publications	10,137	-	-	10,137
Postage and shipping	3,648	103	57	3,808
Depreciation	3,538	541	83	4,162
Dues and subscriptions	5,517	57	9	5,583
Board expense	2,027	56	-	2,083
Repairs and maintenance	2,347	201	31	2,579
Bank charges	1,451	432	420	2,303
Miscellaneous	<u>15,488</u>	<u>425</u>	<u>290</u>	<u>16,203</u>
Total Expenses	\$ <u>1,244,979</u>	\$ <u>38,968</u>	\$ <u>11,677</u>	\$ <u>1,295,624</u>

See accompanying notes to financial statements.

**CENTERLINK, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 162,999	\$ 128,111
Adjustments to reconcile change in net assets to cash provided by/(used in) operating activities:		
Depreciation	3,963	4,162
(Increase) decrease in operating assets:		
Accounts and grants receivable	(24,185)	(2,499)
Prepaid expenses	(1,932)	(2,831)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(8,164)	18,019
Grants payable	-	(158,244)
Deferred revenue	4,044	(143,702)
Net Cash Provided By/(Used in) Operating Activities	136,725	(156,984)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	-	(3,444)
Net Cash Used In Investing Activities	-	(3,444)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	136,725	(160,428)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	297,145	457,573
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 433,870	\$ 297,145

See accompanying notes to financial statements.



**CENTERLINK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 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.

**CENTERLINK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 \$1,500 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, 2015 AND 2014**

**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, 2012 through December 31, 2015 remain subject to examination by the Internal Revenue Service as of December 31, 2015.

**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, 2015 and 2014. At December 31, 2015 and 2014, the Organization had cash balances in excess of FDIC limits of \$273,758 and \$71,965, respectively.

**Concentrations of Contributions**

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. During 2014, the organization recognized revenue from one federal grantor and one other grantor that made up approximately 46% and 13% of total revenue, respectively.

As of December 31, 2015, 69% and 12% of the accounts and grant receivable balance was owed from two donors and as of December 31, 2014, 52% and 36% of the accounts and grant receivable balance was owed from two donors.

**NOTE 3**      **COMMITMENTS**

On July 1, 2013, the Organization entered into a three-year lease agreement for office space in Oakland Park, Florida for a total of \$1,595/month, plus a 5% increase per year through June 30, 2016. Future minimum commitments related to non-cancelable leases as of December 31, 2015 are as follows:

For the year ended:		
December 31, 2016	\$	<u>10,527</u>
Total	\$	<u>10,527</u>

Rent expense for this non-cancelable lease for the years ended December 31, 2015 and 2014, was \$21,959 and \$18,945, respectively.

**CENTERLINK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 year. During the year ended December 31, 2015, the organization had expended approximately \$623,966 of the grant. During the year ended December 31, 2014, the organization had expended approximately \$628,000 of the grant.

**NOTE 5**     **DONATED ITEMS**

The value of donated services and in-kind organization related items in 2015 and 2014 was \$4,328 and \$2,274. 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 6**     **SUBSEQUENT EVENTS**

In preparing the financial statements, the Company has evaluated events and transaction for potential recognition or disclosure through April 26, 2016, the date the financial statements were issued.