

CENTERLINK, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018 and 2017, 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, 2018 and 2017, 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 23, 2019

CENTERLINK, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 778,105	\$ 282,884
Accounts and Grants Receivable, Net of Provision for Uncollectible Accounts of \$0 and \$0, respectively	40,291	170,816
Prepaid Expenses	18,520	14,024
Total Current Assets	<u>836,916</u>	<u>467,724</u>
FURNITURE AND EQUIPMENT		
Furniture and Computer Equipment	22,461	20,461
Less: Accumulated Depreciation	<u>19,679</u>	<u>17,334</u>
Net Furniture and Equipment	2,782	3,127
DEPOSITS	6,441	6,441
TOTAL ASSETS	<u>\$ 846,139</u>	<u>\$ 477,292</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 80,592	\$ 69,518
Deferred Revenue	4,470	3,205
Total Current Liabilities	<u>85,062</u>	<u>72,723</u>
COMMITMENTS AND CONTINGENCIES (SEE NOTE 4)	-	-
Net Assets		
Without Donor Restrictions	406,864	336,226
With Donor Restrictions	354,213	68,343
Total Net Assets	<u>761,077</u>	<u>404,569</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 846,139</u>	<u>\$ 477,292</u>

See accompanying notes to financial statements.

CENTERLINK, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue						
Federal Grants	\$ 566,465	\$ 40,024	\$ 606,489	\$ 649,584	\$ -	\$ 649,584
Other Grants	744,346	314,189	1,058,535	379,619	68,343	447,962
Contributions	414,487	-	414,487	218,823	-	218,823
Membership Dues	98,292	-	98,292	74,210	-	74,210
Conference Income	22,595	-	22,595	23,194	-	23,194
Program Service Fees	92,244	-	92,244	20,767	-	20,767
In-kind	7,874	-	7,874	19,924	-	19,924
Miscellaneous Income	3,847	-	3,847	40,552	-	40,552
Interest Income	4,162	-	4,162	1,760	-	1,760
Net Assets Released from Restrictions	68,343	(68,343)	-	43,296	(43,296)	-
Total Revenue	<u>2,022,655</u>	<u>285,870</u>	<u>2,308,525</u>	<u>1,471,729</u>	<u>25,047</u>	<u>1,496,776</u>
Expenses						
Program Services	1,881,588	-	1,881,588	1,427,961	-	1,427,961
General and Administrative	41,580	-	41,580	57,439	-	57,439
Fundraising Services	28,849	-	28,849	21,873	-	21,873
Total Expenses	<u>1,952,017</u>	<u>-</u>	<u>1,952,017</u>	<u>1,507,273</u>	<u>-</u>	<u>1,507,273</u>
Change in Net Assets	<u>70,638</u>	<u>285,870</u>	<u>356,508</u>	<u>(35,544)</u>	<u>25,047</u>	<u>(10,497)</u>
Net Assets, Beginning of Year	<u>336,226</u>	<u>68,343</u>	<u>404,569</u>	<u>371,770</u>	<u>43,296</u>	<u>415,066</u>
Net Assets, End of Year	<u>\$ 406,864</u>	<u>\$ 354,213</u>	<u>\$ 761,077</u>	<u>\$ 336,226</u>	<u>\$ 68,343</u>	<u>\$ 404,569</u>

See accompanying notes to financial statements.

CENTERLINK, INC.
SCHEDULE OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 523,323	\$ 29,465	\$ 18,421	\$ 571,209
Employee Benefits	69,494	2,199	1,657	73,350
Payroll Taxes	39,934	2,135	1,334	43,403
Total Salaries and Related Employee Benefits	<u>632,751</u>	<u>33,799</u>	<u>21,412</u>	<u>687,962</u>
In-kind Expenses	7,874	-	-	7,874
Occupancy	36,875	2,432	820	40,127
Consultants	328,702	-	1,755	330,457
Grants	521,600	-	-	521,600
Conferences and Meetings	74,393	-	299	74,692
Technical Assistance	51,236	1,171	599	53,006
Travel and Lodging	108,652	-	-	108,652
Office Supplies and Expense	19,329	-	-	19,329
Accounting and Auditing	7,362	425	213	8,000
Telephone and Fax	6,935	655	294	7,884
Insurance	6,176	848	383	7,407
Printing and Publications	16,809	-	-	16,809
Postage and Shipping	7,760	16	-	7,776
Depreciation	1,994	304	47	2,345
Dues and Subscriptions	23,419	571	1,585	25,575
Board Expense	1,704	-	-	1,704
Repairs and Maintenance	3,978	468	234	4,680
Bank Charges	318	258	-	576
Miscellaneous	<u>23,721</u>	<u>633</u>	<u>1,208</u>	<u>25,562</u>
Total Expenses	<u>\$ 1,881,588</u>	<u>\$ 41,580</u>	<u>\$ 28,849</u>	<u>\$ 1,952,017</u>

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	46,069	1,563	1,069	48,701
Total Salaries and Related Employee Benefits	<u>696,182</u>	<u>24,565</u>	<u>15,801</u>	<u>736,548</u>
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.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 356,508	\$ (10,497)
Adjustments to Reconcile Change in Net Assets to Cash Provided by (Used in) Operating Activities:		
Depreciation	2,345	1,564
(Increase) / Decrease in Operating Assets:		
Accounts and Grants Receivable	130,525	(87,445)
Prepaid Expenses	(4,496)	7,085
Deposits	-	77
Increase / (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	11,074	27,702
Deferred Revenue	1,265	(8,146)
Net Cash Provided by (Used in) Operating Activities	497,221	(69,660)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment	(2,000)	(4,691)
Net Cash Used in Investing Activities	(2,000)	(4,691)
NET (INCREASE) / DECREASE IN CASH AND CASH EQUIVALENTS	495,221	(74,351)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	282,884	357,235
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 778,105	\$ 282,884

See accompanying notes to financial statements.

CENTERLINK, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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 237 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

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CenterLink, Inc. and changes therein are classified as follows:

Without Donor Restrictions

Net assets without donor restrictions 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 without donor imposed restricted contributions.

With Donor Restrictions

Net assets with donor restrictions represent contributions which have been restricted by donors for specific programs or activities. Donor-restricted support is reported as an increase in net assets with donor restrictions. 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, 2018 AND 2017

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

Net assets with donor restrictions consist for the following purposes as of December 31, 2018:

Subject to expenditure for specified purpose

LGBT Mental Health Initiative	\$	50,000
Healthlink – Research Program		40,024
Q Chat Space		173,487
General Operating		<u>90,702</u>
	\$	<u>354,213</u>

Releases from net assets with donor restrictions for the year ended December 31, 2018 are as follows:

Releases from restrictions:

Subject to expenditure for specified purpose

LGBT Mental Health Initiative	\$	42,852
Benevon Effort		3,000
LGBTQA+ Digital Center		<u>22,491</u>
	\$	<u>68,343</u>

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.

CENTERLINK, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

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.

Federal Grants

The organization receives various federal grants that are recognized when the expenses are incurred or services are performed in accordance with the terms of each grant. Federal grants received in advance are recorded as net assets with donor restrictions and reclassified to net assets without donor restrictions upon satisfaction of those restrictions.

Other Grants

Other grants consist of revenue from foundations and trusts. Other grants 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 and reclassified to net assets without donor restrictions upon satisfaction of those restrictions.

Contributions

Contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any 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.

Program Service Fees

Program service fees consist of earned revenue from various sources derived from the delivery of services. Program service fees are recognized when the services are provided.

CENTERLINK, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

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.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the organizations ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

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, 2018.

CENTERLINK, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

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, 2018 and 2017. At December 31, 2018 and 2017, the Organization had cash balances in excess of FDIC limits of \$624,404 and \$170,134, respectively.

Concentrations of Contributions

During 2018, the organization recognized revenue from one federal grantor that made up approximately 21% and two other grantors that made up approximately 17% and 10% of total revenue, respectively. 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.

As of December 31, 2018, 37%, 19%, 11%, and 10% of the accounts and grant receivable balance was owed from four donors and as of December 31, 2017, 57% and 10% of the accounts and grant receivable balance was owed from two donors.

Change in Comparative Statements

Certain amounts from prior periods have been reclassified to conform to the current year presentation. What was previously known as unrestricted net assets is now called net assets without donor restrictions. Permanently restricted and temporarily restricted net assets are combined into net assets with donor restrictions. The changes above do not affect the opening balances.

Recent Accounting Pronouncements

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

CENTERLINK, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842)” (“ASU 2016-02”), which affects any entity that enters into a lease (as that term is defined in ASU 2016-02), with some specified scope exceptions. The main difference between the guidance in ASU 2016-02 and current GAAP is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under current GAAP. Recognition of these assets and liabilities will have a material impact to our consolidated balance sheets upon adoption. Under ASU 2016-02, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients. The ASU will be effective for not-for-profits for annual reporting periods being after December 15, 2019. We are currently evaluating the potential impact of this guidance.

Advertising

Advertising costs are expensed as incurred. These costs are included in direct operating & occupancy expenses and totaled \$2,582 and \$4,595 for the years ended December 31, 2018 and 2017, respectively.

NOTE 3 **LIQUIDITY AND AVAILABILITY**

The Organization’s financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents		\$ 778,105
Accounts and grants receivable, net		40,291
Prepaid expenses		18,520
	Financial assets at year end	\$ 836,916
Less those unavailable for general expenditure within one year due to:		
Restricted by donor with time or purpose restrictions		(354,213)
Financial assets available to meet cash needs for general expenditures within one year		\$ 482,703

The Organization financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date and amounts set aside for long-term investing in endowments.

As part of the organization’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.

CENTERLINK, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 4 **COMMITMENTS AND CONTINGENCIES**

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, 2018 are as follows:

For the year ended:

December 31, 2019	\$	<u>19,080</u>
Total	\$	<u>19,080</u>

Rent expense for the years ended December 31, 2018 and 2017, was \$37,268 and \$36,396, 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. During the year ended December, the CEO received \$11,000 in bonuses.

NOTE 5 **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, 2018, the organization had expended approximately \$486,489. During the year ended December 31, 2017, the organization had expended approximately \$649,584.

CENTERLINK, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 6 **RELATED PARTY TRANSACTIONS**

During the years ended December 31, 2018 and December 31, 2017, various board members contributed \$26,765 and \$19,575, 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 to be renewed and updated each year. During the years ended December 31, 2018 and December 31, 2017, the former CEO was paid \$69,000 and \$42,000, respectively.

NOTE 7 **DONATED ITEMS**

The value of donated placement services and office supplies in 2018 and 2017 was \$7,874 and \$19,924. 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 8 **SUBSEQUENT EVENTS**

In preparing the financial statements, the Company has evaluated events and transaction for potential recognition or disclosure through April 23, 2019, the date the financial statements were issued.