

CENTERLINK, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010



Webb & Company, P.A.

Certified Public Accountants

CENTERLINK, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
CenterLink, Inc.
Wilton Manors, FL.

We have audited the accompanying statements of financial position of CenterLink, Inc. (a nonprofit organization) as of December 31, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of CenterLink, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 10–11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material aspects in relation to the financial statements as a whole.

Webb & Company, P.A.

WEBB & COMPANY, P.A.
Certified Public Accountants

Boynton Beach, Florida
February 29, 2012

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CENTERLINK, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011 AND 2010

	<u>ASSETS</u>	
	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 138,643	\$ 120,620
Accounts and grants receivable, net of provision for uncollectible accounts of \$0 and \$0, respectively	6,152	63,692
Prepaid expenses	5,056	4,540
Total Current Assets	<u>149,851</u>	<u>188,852</u>
PROPERTY AND EQUIPMENT		
Computers	6,504	5,484
Less: Accumulated depreciation	<u>(5,161)</u>	<u>(4,476)</u>
Net property and equipment	1,343	1,008
OTHER ASSETS		
Deposit	-	650
TOTAL ASSETS	\$ <u>151,194</u>	\$ <u>190,510</u>

LIABILITIES AND NET ASSETS

LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 24,234	\$ 4,921
Deferred revenue	15,108	18,341
Total liabilities	<u>39,342</u>	<u>23,262</u>
Net assets		
Unrestricted	111,852	117,248
Temporarily restricted	-	50,000
Total Net Assets	<u>111,852</u>	<u>167,248</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>151,194</u>	\$ <u>190,510</u>

See accompanying notes to financial statements.

CENTERLINK, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue						
Grants	\$ 166,974	\$ -	\$ 166,974	\$ 171,682	\$ 50,000	\$ 221,682
Membership dues	37,158	-	37,158	32,965	-	32,965
In-kind	6,470	-	6,470	21,045	-	21,045
Contributions	136,634	-	136,634	73,377	-	73,377
Conference income	8,250	-	8,250	9,383	-	9,383
Interest Income	674	-	674	350	-	350
Net assets released from purpose and time restriction	50,000	(50,000)	-	70,103	(70,103)	-
Total Revenue	406,160	(50,000)	356,160	378,905	(20,103)	358,802
Expenses						
Program services	393,392	-	393,392	317,136	-	317,136
General and administrative	12,276	-	12,276	9,313	-	9,313
Fundraising services	5,888	-	5,888	12,686	-	12,686
Total Expenses	411,556	-	411,556	339,135	-	339,135
Change in Net Assets	(5,396)	(50,000)	(55,396)	39,770	(20,103)	19,667
Net Assets, Beginning of year	117,248	50,000	167,248	77,478	70,103	147,581
Net Assets, End of year	\$ 111,852	\$ -	\$ 111,852	\$ 117,248	\$ 50,000	\$ 167,248

See accompanying notes to financial statements.

CENTERLINK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (55,396)	\$ 19,667
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	685	1,194
(Increase) decrease in operating assets:		
Accounts and grants receivable	57,540	699
Prepaid expenses	(516)	(2,098)
Deposits	650	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	19,313	(4,042)
Deferred income	(3,233)	(38,504)
Net Cash Provided By (Used In) Operating Activities	<u>19,043</u>	<u>(23,084)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	<u>(1,020)</u>	<u>(930)</u>
Net Cash Used In Investing Activities	<u>(1,020)</u>	<u>(930)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,023	(24,014)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>120,620</u>	<u>144,634</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>138,643</u>	\$ <u>120,620</u>

See accompanying notes to financial statements.

CENTERLINK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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.

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 of expenditure of net assets are reported as net assets released from restrictions on the Statement of Activities.

CenterLink, Inc. does not have 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.

CENTERLINK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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 \$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 Income

Deferred income consists of grants and membership dues received in advance, applicable to the following year. Membership revenue is recognized as soon as it has been earned. Grant revenue is recognized over the grant period.

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 FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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, 2008 through December 31, 2011 remain subject to examination by the Internal Revenue Service as of December 31, 2011.

Concentration of Credit Risk

CenterLink, Inc. maintains two bank accounts at one bank, which, at times, may 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, 2011 and 2010. The organization did not have any balances in excess of FDIC limits.

Concentrations of Contributions

During 2011 and 2010, the organization received revenue from grantor A that made up approximately 0% and 13% of total revenue, respectively. In 2011 and 2010, the organization received revenue from grantor B that made up approximately 0% and 14% of total revenue, respectively. In 2011 and 2010, the organization received revenue from grantor C that made up approximately 81% and 21% of total revenue, respectively. Finally, in 2011 and 2010, the organization received revenue from grantor D that made up approximately 16% and 9% of total revenue, respectively.

In addition, during 2011 and 2010, the organization received contributions from individuals and corporations that made up approximately 38% and 20% of total revenue, respectively. Revenue from membership dues represented 10% and 9% of total revenues in 2011 and 2010, respectively.

As of December 31, 2011, 100% of the grant receivable balance was owed from donor B and as of December 31, 2010, 100% of the grant receivable balance was owed from donor A.

As of December 31, 2010, 32% of the accounts receivable balance was owed from donor C.

CENTERLINK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 3 **COMMITMENTS**

From June 2009 to May 2010, the organization was leasing the office space in Ft. Lauderdale, FL. on a month-to-month arrangement. In May 2010, the organization terminated the lease in Ft. Lauderdale, FL and began a new lease for office space in Ft. Lauderdale, FL. on a month-to-month arrangement in a building owned by another community center. The executive director of this community center is a Centerlink board member. On November 1, 2010, the month-to-month arrangement was terminated and the organization signed a lease agreement for office space in the same building for \$700 per month through October 31, 2011. On April 1, 2011, a rent agreement was signed to rent out an additional office space for a total of \$800/month through March 31, 2012, however \$100 per month was considered an in kind contribution of rent. On June 1, 2011, all previous lease agreements were superseded and the rent for the two office spaces was changed to a total of \$1,500/month (\$1,400 owed each month, \$100 will be a monthly in kind gift) through May 31, 2012. Per the terms of the lease agreement, at the end of the lease term, the organization will have the option to extend the terms of the lease for three additional terms of one year (See Note 4).

Rent expense and related expenses for the years ended December 31, 2011 and 2010, was \$15,835 and \$11,676, respectively.

NOTE 4 **RELATED PARTY TRANSACTIONS**

Through December 31, 2011 and December 31, 2010, various board members contributed \$9,050 and \$13,892, respectively, as donations.

In May 2010, the organization began a new lease for office space in Ft. Lauderdale, FL. on a month-to-month arrangement in a building owned by another community center. The executive director of this community center is a Centerlink board member. On November 1, 2010, the month-to-month arrangement was terminated and the organization signed a lease agreement for office space in the same building for \$700 per month through October 31, 2011. On April 1, 2011, a rent agreement was signed to rent out an additional office space for a total of \$800/month through March 31, 2012, however \$100 per month was considered an in kind contribution of rent. On June 1, 2011, all previous lease agreements were superseded and the rent for the two office spaces was changed to a total of \$1,500/month (\$1,400 owed each month, \$100 will be a monthly in kind gift) through May 31, 2012. Per the terms of the lease agreement, the organization will have the option to extend the terms of the lease for three additional one year terms. Rent expense and related expenses paid to the related party for the years ended December 2011 and 2010, was \$15,835 and \$4,700, respectively. There are no amounts owed to the related party as of December 31, 2011 (See Note 4).

CENTERLINK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 5 **DONATED ITEMS**

The value of donated services and in-kind organization related items in 2011 and 2010 was \$6,470 and \$21,045. 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 **TEMPORARILY RESTRICTED NET ASSETS**

At December 31, 2011 and 2010, the temporarily restricted net assets of CenterLink, Inc. were available for the following purposes:

<u>Source</u>	<u>Purpose</u>	<u>2010</u>	<u>Additions</u>	<u>Releases</u>	<u>2011</u>
H. Van Ameringen Foundation	General Support	<u>\$50,000</u>	<u>\$ -</u>	<u>\$50,000</u>	<u>\$ -</u>

<u>Source</u>	<u>Purpose</u>	<u>2009</u>	<u>Additions</u>	<u>Releases</u>	<u>2010</u>
H. Van Ameringen Foundation	General Support	\$50,000	\$50,000	\$50,000	\$50,000
Arcus Foundation	General Support	-	-	-	-
Johnson Family Foundation	General Support	20,103	-	20,103	-
	Total	<u>\$70,103</u>	<u>\$50,000</u>	<u>\$70,103</u>	<u>\$50,000</u>

NOTE 7 **SUBSEQUENT EVENT**

In preparing the financial statements, the Company has evaluated events and transaction for potential recognition or disclosure through February 29, 2012, the date the financial statements were issued.

SUPPLEMENTARY FINANCIAL INFORMATION

CENTERLINK, INC.
SCHEDULE OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 149,574	\$ 7,474	\$ 3,306	\$ 160,354
Employee benefits	20,758	1,248	324	22,330
Payroll taxes	<u>11,436</u>	<u>571</u>	<u>260</u>	<u>12,267</u>
Total salaries and Related employee benefits	181,768	9,293	3,890	194,951
In-kind expenses	6,470	-	-	6,470
Occupancy	14,855	672	308	15,835
Consultants	47,000	-	-	47,000
Conferences and meetings	8,167	-	-	8,167
Technical Assistance	78,109	-	-	78,109
Travel and lodging	24,510		635	25,145
Office supplies and expense	2,766	439	335	3,540
Accounting and auditing	7,826	881	173	8,880
Telephone and fax	1,514	125	31	1,670
Insurance	1,612	143	36	1,791
Printing and publications	1,258	-	-	1,258
Postage and shipping	828	28	64	920
Depreciation	616	55	14	685
Dues and subscriptions	2,118	-	50	2,168
Board expense	816	-	-	816
Repairs and maintenance	12,101	575	132	12,808
Bank charges	<u>1,058</u>	<u>65</u>	<u>220</u>	<u>1,343</u>
Total Expenses	\$ <u>393,392</u>	\$ <u>12,276</u>	\$ <u>5,888</u>	\$ <u>411,556</u>

See accompanying notes to financial statements

CENTERLINK, INC.
SCHEDULE OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 147,935	\$ 5,292	\$ 7,217	\$ 160,444
Employee benefits	15,068	734	562	16,364
Payroll taxes	<u>12,327</u>	<u>547</u>	<u>416</u>	<u>13,290</u>
Total salaries and Related employee benefits	175,330	6,573	8,195	190,098
In-kind expenses	20,272	-	773	21,045
Occupancy	11,046	536	94	11,676
Consultants	31,500	-	-	31,500
Conferences and meetings	6,446	-	945	7,391
Technical Assistance	24,974	-	-	24,974
Travel and lodging	18,499	-	1,325	19,824
Office supplies and expense	2,565	808	231	3,604
Accounting and auditing	7,623	611	260	8,494
Telephone and fax	3,340	84	46	3,470
Insurance	1,562	106	26	1,694
Printing and publications	980	-	-	980
Postage and shipping	801	327	73	1,201
Depreciation	1,074	96	24	1,194
Dues and subscriptions	1,578	-	284	1,862
Board expense	495	-	-	495
Repairs and maintenance	7,948	172	-	8,120
Bank charges	<u>1,103</u>	<u>-</u>	<u>410</u>	<u>1,513</u>
Total Expenses	\$ <u>317,136</u>	\$ <u>9,313</u>	\$ <u>12,686</u>	\$ <u>339,135</u>

See accompanying notes to financial statements