

**CENTERLINK, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**



432 Park Avenue South, 10th Floor  
New York, NY 10016 / (212) 481-3490

1500 Gateway Boulevard, Suite 202  
Boynton Beach, FL 33426 / (561) 752-1721

**CENTERLINK, INC.**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
CenterLink, Inc.  
PO Box 24490  
Fort Lauderdale, FL 33307-4490

### **Report on Financial Statements**

We have audited the accompanying financial statements of CenterLink Inc. (a nonprofit organization), which comprise of the statement of financial position as of December 31, 2012 and 2011, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors Responsibility**

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 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 errors. 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 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, 2012 and 2011, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

### **Other Matters**

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, 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 respects, in relation to the financial statements as a whole.

*Liggett, Vegt & Webb, P.A.*

LIGGETT, VOGT & WEBB P.A.  
*Certified Public Accountants*

Boynton Beach, Florida  
March 13, 2013

**CENTERLINK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2012 AND 2011**

	<b><u>ASSETS</u></b>	
	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 166,455	\$ 138,643
Accounts and grants receivable, net of provision for uncollectible accounts of \$0 and \$0, respectively	57,024	6,152
Prepaid expenses	4,745	5,056
Total Current Assets	<u>228,224</u>	<u>149,851</u>
<b>PROPERTY AND EQUIPMENT</b>		
Computers	6,504	6,504
Less: Accumulated depreciation	<u>(5,811)</u>	<u>(5,161)</u>
Net property and equipment	693	1,343
<b>TOTAL ASSETS</b>	<u>\$ 228,917</u>	<u>\$ 151,194</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 9,194	\$ 24,234
Deferred revenue	49,725	15,108
Total liabilities	<u>58,919</u>	<u>39,342</u>
Net assets		
Unrestricted	169,998	111,852
Total Net Assets	<u>169,998</u>	<u>111,852</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 228,917</u>	<u>\$ 151,194</u>

See accompanying notes to financial statements.

**CENTERLINK, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenue</b>						
Grants	\$ 299,381	\$ -	\$ 299,381	\$ 166,974	\$ -	\$ 166,974
Membership dues	44,948	-	44,948	37,158	-	37,158
In-kind	5,876	-	5,876	6,470	-	6,470
Contributions	112,106	-	112,106	136,634	-	136,634
Conference income	9,835	-	9,835	8,250	-	8,250
Interest Income	938	-	938	674	-	674
Net assets released from purpose and time restriction	-	-	-	50,000	(50,000)	-
Total Revenue	473,084	-	473,084	406,160	(50,000)	356,160
<b>Expenses</b>						
Program services	390,563	-	390,563	393,392	-	393,392
General and administrative	13,998	-	13,998	12,276	-	12,276
Fundraising services	10,377	-	10,377	5,888	-	5,888
Total Expenses	414,938	-	414,938	411,556	-	411,556
<b>Change in Net Assets</b>	58,146	-	58,146	(5,396)	(50,000)	(55,396)
Net Assets, Beginning of year	111,852	-	111,852	117,248	50,000	167,248
Net Assets, End of year	\$ 169,998	\$ -	\$ 169,998	\$ 111,852	\$ -	\$ 111,852

See accompanying notes to financial statements.

**CENTERLINK, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 58,146	\$ (55,396)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	650	685
(Increase) decrease in operating assets:		
Accounts and grants receivable	(50,872)	57,540
Prepaid expenses	311	(516)
Deposits	-	650
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(15,040)	19,313
Deferred income	34,617	(3,233)
Net Cash Provided By Operating Activities	<u>27,812</u>	<u>19,043</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	<u>-</u>	<u>(1,020)</u>
Net Cash Used In Investing Activities	<u>-</u>	<u>(1,020)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 27,812	 18,023
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>138,643</u>	 <u>120,620</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 166,455</u>	 <u>\$ 138,643</u>

See accompanying notes to financial statements.

**CENTERLINK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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.

**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 temporarily or permanently restricted net assets.



**CENTERLINK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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 \$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.

**CENTERLINK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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, 2009 through December 31, 2012 remain subject to examination by the Internal Revenue Service as of December 31, 2012.

**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, 2012 and 2011. The organization did not have any balances in excess of FDIC limits.

**Concentrations of Contributions**

During 2012 and 2011, the organization received revenue from grantor A that made up approximately 35% and 0% of total revenue, respectively. In 2012 and 2011, the organization received revenue from grantor B that made up approximately 48% and 81% of total revenue, respectively. Finally, in 2012 and 2011, the organization received revenue from grantor C that made up approximately 14% and 16% of total revenue, respectively.

In addition, during 2012 and 2011, the organization received contributions from individuals and corporations that made up approximately 24% and 38% of total revenue, respectively. Revenue from membership dues represented 10% and 10% of total revenues in 2012 and 2011, respectively.

As of December 31, 2012, 88% of the accounts and grant receivable balance was owed from donor A and as of December 31, 2011, 95% of the accounts and grant receivable balance was owed from donor D.

**CENTERLINK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 3**      **COMMITMENTS**

On June 1, 2012, the Organization entered into a three year lease agreement for office space in Fort Lauderdale, Florida for a total of \$1,400/month through May 31, 2015. 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 one year. Future minimum commitments related to non-cancelable leases as of December 31, 2012 are as follows:

For the year ended:		
December 31, 2013	\$	16,800
December 31, 2014		16,800
December 31, 2015		<u>7,000</u>
Total	\$	<u>40,600</u>

Rent expense and related expenses for the years ended December 31, 2012 and 2011, was \$17,395 and \$15,835, respectively (See Note 4).

**NOTE 4**      **RELATED PARTY TRANSACTIONS**

Through December 31, 2012 and December 31, 2011, various board members contributed \$13,075 and \$9,050, respectively, as donations.

In May 2012, the organization entered into a three year lease for office space in Fort Lauderdale, FL. in a building owned by another community center. The executive director of this community center is a Centerlink board member. There are no amounts owed to the related party as of December 31, 2012 (See Note 3).

**NOTE 5**      **DONATED ITEMS**

The value of donated services and in-kind organization related items in 2012 and 2011 was \$5,876 and \$6,740. 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 EVENT**

In preparing the financial statements, the Company has evaluated events and transaction for potential recognition or disclosure through March 13, 2013, the date the financial statements were issued.

## **SUPPLEMENTARY FINANCIAL INFORMATION**

**CENTERLINK, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSE**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 161,821	\$ 7,600	\$ 6,924	\$ 176,345
Employee benefits	22,462	1,958	482	24,902
Payroll taxes	<u>12,371</u>	<u>581</u>	<u>538</u>	<u>13,490</u>
Total salaries and Related employee benefits	196,654	10,139	7,944	214,737
In-kind expenses	5,876	-	-	5,876
Occupancy	16,135	672	588	17,395
Consultants	16,500	-	-	16,500
Conferences and meetings	7,236	-	-	7,236
Technical Assistance	90,216	-	-	90,216
Travel and lodging	31,063	53	696	31,812
Office supplies and expense	2,155	833	275	3,263
Accounting and auditing	8,191	1,250	182	9,623
Telephone and fax	1,423	129	32	1,584
Insurance	1,613	150	38	1,801
Printing and publications	342	-	-	342
Postage and shipping	1,159	144	66	1369
Depreciation	585	52	13	650
Dues and subscriptions	1,840	-	60	1,900
Board expense	172	-	-	172
Repairs and maintenance	8,275	576	144	8,995
Bank charges	<u>1,128</u>	<u>-</u>	<u>339</u>	<u>1,467</u>
Total Expenses	\$ <u>390,563</u>	\$ <u>13,998</u>	\$ <u>10,377</u>	\$ <u>414,938</u>

See accompanying notes to financial statements

**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