

BETH-EL CENTER, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

BETH-EL CENTER, INC.
CONTENTS
DECEMBER 31, 2013 AND 2012

	PAGE
Independent Auditor's Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-11



CARNEY, ROY AND GERROL, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Beth-El Center, Inc.
Milford, Connecticut

We have audited the accompanying financial statements of Beth-El Center, Inc. (the "Center") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year 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 Beth-El Center, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Beth-El Center, Inc.'s 2012 financial statements, and our report dated June 24, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carnegie, Roy and Smith, P.C.

Rocky Hill, Connecticut
May 22, 2014

BETH-EL CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 319,661	\$ 210,879
Investments	67,478	67,204
Grant and other receivables	20,609	91,724
Prepaid expenses	11,374	8,289
	<u>419,122</u>	<u>378,096</u>
Total current assets		
PROPERTY AND EQUIPMENT		
Land	54,574	54,574
Building and improvements	1,037,639	938,560
Furniture and fixtures	103,294	102,294
Office and computer equipment	30,618	29,168
Vehicles	25,304	25,304
	<u>1,251,429</u>	<u>1,149,900</u>
Less: accumulated depreciation	(645,840)	(592,855)
	<u>605,589</u>	<u>557,045</u>
Net property and equipment		
	<u>\$ 1,024,711</u>	<u>\$ 935,141</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 31,635	\$ 14,000
Short-term notes payable	49,106	-
Current portion of long-term debt	44,374	42,255
Deferred grant revenue	5,793	10,766
	<u>130,908</u>	<u>67,021</u>
Total current liabilities		
LONG-TERM DEBT, net of current portion	<u>21,745</u>	<u>56,107</u>
Total liabilities	<u>152,653</u>	<u>123,128</u>
NET ASSETS		
Unrestricted	760,676	732,025
Temporarily restricted	111,382	79,988
	<u>872,058</u>	<u>812,013</u>
Total net assets		
	<u>\$ 1,024,711</u>	<u>\$ 935,141</u>

The accompanying notes are an integral part of the financial statements.

BETH-EL CENTER, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2013 WITH SUMMARIZED
FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
SUPPORT AND REVENUES				
Federal, state and municipal grants	\$ 480,364	-	\$ 480,364	\$ 416,420
Contributions, including in-kind of \$112,780 and \$103,051 in 2013 and 2012, respectively	278,927	81,000	359,927	467,025
Fundraising and special events, net of direct costs of \$11,356 and \$17,191 in 2013 and 2012, respectively	48,492	-	48,492	51,729
United Way	19,400	-	19,400	25,000
Program fees	4,567	-	4,567	3,424
Other	5,907	-	5,907	4,648
Total support and revenues	<u>837,657</u>	<u>81,000</u>	<u>918,657</u>	<u>968,246</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>49,606</u>	<u>(49,606)</u>	<u>-</u>	<u>-</u>
EXPENSES				
Program services	734,851	-	734,851	704,386
Management and general	93,602	-	93,602	80,395
Fundraising	30,159	-	30,159	43,011
Total expenses	<u>858,612</u>	<u>-</u>	<u>858,612</u>	<u>827,792</u>
CHANGE IN NET ASSETS	28,651	31,394	60,045	140,454
NET ASSETS, beginning of year	<u>732,025</u>	<u>79,988</u>	<u>812,013</u>	<u>671,559</u>
NET ASSETS, end of year	<u>\$ 760,676</u>	<u>\$ 111,382</u>	<u>\$ 872,058</u>	<u>\$ 812,013</u>

The accompanying notes are an integral part of the financial statements.

BETH-EL CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2013 WITH SUMMARIZED
FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2013 Total</u>	<u>2012 Total</u>
Salaries	\$ 346,976	\$ 41,134	\$ 13,808	\$ 401,918	\$ 395,396
Employee benefits	54,091	9,371	1,956	65,418	58,812
Office expense	18,008	14,898	4,748	37,654	35,151
Utilities	30,886	4,297	1,238	36,421	27,561
Payroll taxes	35,458	4,496	1,394	41,348	36,847
Depreciation	45,036	6,358	1,590	52,984	49,102
Occupancy	42,132	3,263	747	46,142	60,302
Professional fees	21,269	5,756	4,093	31,118	27,581
Interest expense	2,827	2,279	120	5,226	6,299
Insurance	11,188	1,750	465	13,403	12,794
Client services	<u>126,980</u>	<u>-</u>	<u>-</u>	<u>126,980</u>	<u>117,947</u>
Total functional expenses	<u>\$ 734,851</u>	<u>\$ 93,602</u>	<u>\$ 30,159</u>	<u>\$ 858,612</u>	<u>\$ 827,792</u>

The accompanying notes are an integral part of the financial statements.

BETH-EL CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 60,045	\$ 140,454
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	52,984	49,102
Property and equipment received through grants	(81,329)	(15,640)
(Increase) decrease in operating assets:		
Grant and other receivables	71,115	(58,349)
Prepaid expenses	(3,085)	(6,152)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	17,636	(8,916)
Deferred grant revenue	(4,973)	1,130
Net cash provided by operating activities	<u>112,393</u>	<u>101,629</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(274)	(503)
Purchase of property and equipment	(20,200)	(40,084)
Net cash used in investing activities	<u>(20,474)</u>	<u>(40,587)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowing (payments) on short-term notes payable	49,106	(5,000)
Payments on long-term debt	(32,243)	(40,048)
Net cash provided by (used in) financing activities	<u>16,863</u>	<u>(45,048)</u>
NET INCREASE IN CASH	108,782	15,994
CASH AND CASH EQUIVALENTS, beginning of year	<u>210,879</u>	<u>194,885</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 319,661</u>	<u>\$ 210,879</u>

The accompanying notes are an integral part of the financial statements.

BETH-EL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Beth-El Center, Inc. (the "Center") was organized on November 29, 1985 to provide temporary shelter and meals to the homeless and hungry in Milford, Connecticut. Residents are provided case management services and referrals to help them obtain permanent housing, employment and financial assistance. The Center also refers residents to counseling services to address substance abuse and mental health issues, and the soup kitchen serves meals to the hungry. The Center operates the "Meals to Go" program to distribute meals to low income and homeless community members. The Center is supported primarily through government grants and private contributions. Approximately 200 individuals are provided shelter services and over 20,000 meals are served to the greater community per year.

Basis of Presentation

The financial statement presentation of the Center follows generally accepted accounting principles applicable for not-for-profit voluntary health and welfare organizations. Accordingly, the Center is required to report information regarding its financial position and activities according to three classes of net assets based on donor-imposed restrictions: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Center had no permanently restricted net assets at December 31, 2013 and 2012.

Cash Equivalents and Supplemental Cash Flow Information

For purposes of the statement of cash flows, the Center considers all short-term investments with an original maturity of three months or less to be cash equivalents.

The Center maintains the majority of its cash and investment balances with one local financial institution. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2013 and 2012, the Center's uninsured cash balances totaled \$155,170 and \$21,840, respectively.

The following is supplemental cash flows information: cash paid for interest in 2013 and 2012 totaled \$5,227 and \$6,491, respectively; property and equipment received through grants in 2013 and 2012 totaled \$81,329 and \$15,640, respectively.

Donated Materials and Services

The Center receives significant noncash contributions, primarily in the form of donated food items for the soup kitchen. During 2013 and 2012, the Center received noncash contributions with an estimated value of \$112,780 and \$103,051, respectively.

No amounts have been reflected in the financial statements for donated services. The Center pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Center with its programs and fundraising.

BETH-EL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Grant and Other Receivables

Grant and other receivables, which are typically collectible within one year, are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has determined that all outstanding balances at December 31, 2013 and 2012 are fully collectible.

Income Tax Status

The Internal Revenue Service has determined that the Center is exempt from federal income taxes on exempt function income under Section 501(c)(3) of the Internal Revenue Code. Consequently, no provision for income taxes has been made in the accompanying financial statements. The Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Center accounts for uncertainty in income taxes in accordance with FASB ASC 740, *Income Taxes*. The Center files a federal income tax return, which represents the major tax jurisdiction of the Center. Federal tax years 2010 through 2013 remain open for audit under the various statutes of limitations.

Investments

Investments in non-negotiable certificates of deposit are carried at cost plus reinvested interest. Interest income for the years ended December 31, 2013 and 2012 totaled \$779 and \$1,047, respectively.

Property and Equipment

Property and equipment are recorded at cost, or, if donated, at estimated fair value. Depreciation is recorded over the estimated useful lives using the straight-line method. The Center generally capitalizes assets acquired and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets in amounts exceeding \$1,000.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

BETH-EL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Recognition of Support and Revenues

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. In accordance with generally accepted accounting principles, support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Performance-based government grants and contracts are considered to be exchange transactions in which the grantor or contractor requires the performance of specific activities. Entitlement to performance-based grant and contract revenue is based on the attainment of specific performance goals and, therefore, revenue is recognized to the extent of performance achieved. Receivables are recorded to the extent that grant expenditures have been incurred and not reimbursed by the grantor. Any amounts received from grantors for services not yet performed during a contract period are reported as deferred grant revenue. The Center submits proposed budgets to the grantors for approval, and is required to adhere to budgets to maintain all funding. Costs are in accordance with approved budgets and management expects that no costs will be subject to disallowance.

Summarized Financial Information for Prior Fiscal Year

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class or functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the December 31, 2012 financial statements from which the summarized information was derived.

NOTE 2—MAJOR REVENUE AND SUPPORT

The Center received \$192,094, or approximately 21%, and \$60,803, or approximately 7%, of its operating revenue and support under cost reimbursement agreements with the State of Connecticut Department of Housing (DOH) and the State of Connecticut Department of Mental Health and Addiction Services (DHMAS), respectively, during 2013. The Center received \$205,774, or approximately 21%, and \$57,162, or approximately 6%, of its operating revenue and support under cost reimbursement agreements with the State of Connecticut Department of Social Services (DSS) and the State of Connecticut Department of Mental Health and Addiction Services, (DHMAS) respectively, during 2012. Any significant decrease or elimination of these contracts would have a major adverse impact on the operations of the Center.

BETH-EL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 2—MAJOR REVENUE AND SUPPORT, continued

During 2013, the Center received \$173,627, or approximately 19%, of its operating revenue and support from grants and contributions from the City of Milford, Connecticut. During 2012, the Center received \$115,159, or approximately 12%, of its operating revenue and support from grants and contributions from the City of Milford, Connecticut. Any significant decrease or elimination of these grants would have a major adverse impact on the operations of the Center.

During 2013, the Center received \$81,000 as a one-time contribution from the Norma F. Pfriem Foundation, Inc. The contribution is restricted for direct costs of the "Meals to Go" program. The amounts unspent are recorded as temporarily restricted net assets at December 31, 2013 and 2012 (see Note 5).

NOTE 3—SHORT-TERM NOTES PAYABLE

The Center has a revolving line of credit with a local bank which permits borrowings up to \$75,000. The line is secured by certain property. Outstanding balances bear interest at the bank's prime rate plus 1% (4.25% at December 31, 2013 and 2012), and the principal is due and payable on demand. The balance outstanding was \$49,106 at December 31, 2013. There was no outstanding balance at December 31, 2012.

NOTE 4—LONG-TERM DEBT

The Center has a mortgage note payable to a local bank that is secured by its facility. The loan matures in October 2015 and is currently payable at a rate of 3.375% in monthly installments of \$3,797. The interest rate can vary to 2.75% above average yield on certain U.S. Treasury securities. The balance outstanding was \$55,619 and \$98,362 at December 31, 2013 and 2012, respectively.

The Center has a note payable to the Greater New Haven Community Loan Fund for predevelopment expenses related to the construction of an affordable housing project. The note matures in October 2016 or upon receipt of proceeds from the permanent funding source for the project. The loan may be extended for twelve months by the lender if the project financing is delayed and may be forgiven at the discretion of the lender if the project is not able to proceed. The note bears no interest. The balance outstanding was \$10,500 at December 31, 2013.

Estimated future annual maturities of long-term debt are as follows:

2014	\$ 44,374
2015	11,245
2016	<u>10,500</u>
	<u>\$ 66,119</u>

BETH-EL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 5—TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were donor-restricted for the following purposes:

	<u>2013</u>	<u>2012</u>
“Meals to Go” program	\$ 103,830	\$ 58,376
Facility improvements	6,552	17,211
Children’s services	<u>1,000</u>	<u>4,401</u>
	<u>\$ 111,382</u>	<u>\$ 79,988</u>

NOTE 6—EMPLOYEE BENEFIT PLAN

The Center has an employee savings 403(b) plan that covers substantially all employees. There is no matching provision under this plan.

NOTE 7—COMMITMENTS

In 2013, the Center entered into an agreement for a window replacement project in the amount of \$15,000. As of December 31, 2013, \$15,000 of Community Development Block Grant funds from the City of Milford had been encumbered to pay for the window replacement project.

NOTE 8—SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 22, 2014, which is the date the financial statements were available to be issued. There are no material subsequent events which require recognition or disclosure.