BETH-EL CENTER, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

BETH-EL CENTER, INC.

CONTENTS

DECEMBER 31, 2017 AND 2016

CRG
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, 2017, 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.

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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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 11, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carney, Roy and Gerrol, P.C.

Rocky Hill, Connecticut
June 28, 2018

BETH-EL CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

ASSETS

	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	$ 456,834	$ 393,533
Investments	68,233	68,063
Grant and other receivables	34,350	22,619
Prepaid expenses	15,905	17,312
Total current assets	575,322	501,527
PROPERTY AND EQUIPMENT		
Land	54,574	54,574
Building and improvements	1,110,646	1,076,176
Furniture and fixtures	67,881	110,049
Office and computer equipment	28,541	41,423
Vehicles	25,304	25,304
	1,286,946	1,307,526
Less: accumulated depreciation	(799,188)	(809,565)
Net property and equipment	487,758	497,961
	$1,063,080	$ 999,488

LIABILITIES AND NET ASSETS

	2017	2016
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 29,593	$ 21,075
Current portion of long-term debt	10,500	10,500
Deferred grant revenue	8,264	12,750
Deferred lease incentive	-	1,706
Total current liabilities	48,357	46,031
Total liabilities	48,357	46,031
NET ASSETS		
Unrestricted	787,802	701,333
Temporarily restricted	226,921	252,124
Total net assets	1,014,723	953,457
	$1,063,080	$ 999,488

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

BETH-EL CENTER, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
SUPPORT AND REVENUES				
Federal, state and municipal grants	$ 486,903	$ -	$ 486,903	$ 472,052
Contributions, including in-kind of $126,000 and $107,000 in 2017 and 2016, respectively	353,973	32,500	386,473	295,507
Fundraising and special events, net of direct costs of $9,264 and $6,655 in 2017 and 2016, respectively	73,641	-	73,641	58,509
United Way	20,665	-	20,665	18,335
Program fees	3,306	-	3,306	3,812
Other	753	-	753	757
Total support and revenues	939,241	32,500	971,741	848,972
NET ASSETS RELEASED FROM RESTRICTIONS	57,703	(57,703)	-	-
EXPENSES				
Program services	771,908	-	771,908	749,101
Management and general	88,183	-	88,183	90,180
Fundraising	50,384	-	50,384	60,879
Total expenses	910,475	-	910,475	900,160
CHANGE IN NET ASSETS	86,469	(25,203)	61,266	(51,188)
NET ASSETS, beginning of year	701,333	252,124	953,457	1,004,645
NET ASSETS, end of year	$ 787,802	$ 226,921	$1,014,723	$ 953,457

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, 2017 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	Management and General	Fundraising	2017 Total	2016 Total
Salaries	$ 357,419	$ 40,863	$ 26,873	$ 425,155	$ 426,702
Employee benefits	43,821	5,119	2,996	51,936	57,870
Office expense	16,321	13,220	4,865	34,406	32,386
Utilities	34,054	4,065	2,691	40,810	39,410
Payroll taxes	37,059	4,220	2,766	44,045	44,996
Depreciation	43,966	4,934	3,245	52,145	56,385
Occupancy	40,923	5,121	1,847	47,891	36,768
Professional fees	38,613	6,863	4,144	49,620	62,277
Interest expense	-	-	-	-	929
Insurance	12,398	1,443	957	14,798	14,586
Client services	147,334	2,335	-	149,669	127,851
Total functional expenses	$ 771,908	$ 88,183	$ 50,384	$ 910,475	$ 900,160

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, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 61,266	$ (51,188)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	52,145	56,385
Property and equipment received through grants	(33,341)	-
(Increase) decrease in operating assets:		
Grant and other receivables	(11,731)	(15,262)
Prepaid expenses	1,407	(4,793)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	1,045	686
Deferred lease incentive	(1,706)	1,706
Deferred grant revenue	(4,486)	3,479
Net cash provided by (used in) operating activities	64,599	(8,987)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(170)	(179)
Purchase of property and equipment	(1,128)	(2,600)
Net cash used in investing activities	(1,298)	(2,779)
NET INCREASE (DECREASE) IN CASH	63,301	(11,766)
CASH AND CASH EQUIVALENTS, beginning of year	393,533	405,299
CASH AND CASH EQUIVALENTS, end of year	$ 456,834	$ 393,533

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

BETH-EL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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, 2017 and 2016.

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, 2017 and 2016, the Center's uninsured cash balances totaled $112,592 and $73,570, respectively.

The following is supplemental cash flows information: cash paid for interest in 2017 and 2016 totaled $-0- and $929, respectively. Of the $41,942 of property and equipment acquired during 2017, $33,341 was financed directly by grantors, and $7,473 was acquired through accounts payable that was outstanding as of December 31, 2017.

Donated Materials and Services

The Center receives significant noncash contributions, primarily in the form of donated food items for the soup kitchen. During 2017 and 2016, the Center received noncash contributions with an estimated value of $126,000 and $107,000, 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.

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, 2017 and 2016 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 2014 through 2017 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, 2017 and 2016 totaled $748 and $734, 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.

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, 2016 financial statements from which the summarized information was derived.

NOTE 2—MAJOR REVENUE AND SUPPORT

The Center received $196,864, or approximately 20%, and $60,847, or approximately 6%, 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 (DMHAS), respectively, during 2017. The Center received $198,334, or approximately 23%, and $62,335, 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 (DMHAS), respectively, during 2016. Any significant decrease or elimination of these contracts would have a major adverse impact on the operations of the Center.

NOTE 2—MAJOR REVENUE AND SUPPORT, continued

During 2017, the Center received $135,981, or approximately 14%, of its operating revenue and support from grants and contributions from the City of Milford, Connecticut. During 2016, the Center received $110,432, or approximately 13%, 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 2015, the Center received $150,000 as a contribution from the Norma F. Pfriem Foundation, Inc. The contribution is restricted and $30,000 is to be expended each year through 2019 on food and other necessities. During 2017, the Center received $27,500 as a contribution from the Norma F. Pfriem Foundation, Inc. The contribution is restricted for outplacement assistance and will be used for that purpose.

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 and expires in June 2018. Outstanding balances bear interest at the bank's prime rate plus 1% (5.50% and 4.75% at December 31, 2017 and 2016, respectively), and the principal is due and payable on demand. There was no outstanding balance on the line of credit at December 31, 2017 and 2016.

NOTE 4—LONG-TERM DEBT

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 was set to mature 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, 2017 and 2016.

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

2018	$ 10,500

NOTE 5—TEMPORARILY RESTRICTED NET ASSETS

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

	2017	2016
Food and other necessities	$ 71,848	$ 109,321
"Meals to Go" program	33,678	41,269
Capital reserve	50,000	50,000
Facility improvements	33,852	34,060
Program supplies	1,283	1,283
Furniture and equipment	5,326	5,326
Employment services	-	1,715
Children's services	1,000	1,000
Outplacement assistance	24,934	-
Educational opportunities	5,000	-
Neighbor to Neighbor client needs	-	8,150
	$ 226,921	$ 252,124

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—OPERATING LEASES

The Center has a 60-month noncancelable operating lease for a printer-copier machine that expires in April of 2021. Monthly payments of $272 are required. If at the end of the lease period the Center does not exercise the option to purchase the machine at fair market value or return the machine, the lease will renew for a one-year period. Rental expenses for this lease, including taxes and fees, amounted to $4,068 and $2,464 for the years ended December 31, 2017 and December 31, 2016, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2017 , are:

Year ending December 31:	
2018	$ 3,264
2019	3,264
2020	3,264
2021	1,088
	$ 10,880

NOTE 8—SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 28, 2018, which is the date the financial statements were available to be issued. There are no material subsequent events which require recognition or disclosure.