

**BETHLEHEM CENTERS OF NASHVILLE**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2023**

**BETHLEHEM CENTERS OF NASHVILLE**

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# BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Bethlehem Centers Of Nashville  
Nashville, Tennessee

### **Opinion**

We have audited the accompanying financial statements of Bethlehem Centers Of Nashville (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bethlehem Centers Of Nashville as of June 30, 2023, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bethlehem Centers Of Nashville and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bethlehem Centers Of Nashville's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

### **In performing an audit in accordance with generally accepted auditing standards, we:**

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bethlehem Centers Of Nashville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bethlehem Centers Of Nashville's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Bellenfant, PLLC*

Nashville, Tennessee  
November 17, 2023

**BETHLEHEM CENTERS OF NASHVILLE**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 250,407
Accounts Receivable	45,386
Investments	8,947
Prepaid Expenses	<u>3,197</u>
Total Current Assets	<u>307,937</u>

**FIXED ASSETS**

Fixed Assets	1,985,385
Less: Accumulated Depreciation	<u>(1,966,797)</u>
Total Fixed Assets	<u>18,588</u>
Total Assets	<u>\$ 326,525</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 18,281
Unearned Revenue	<u>30,000</u>
Total Current Liabilities	<u>48,281</u>
Total Liabilities	<u>48,281</u>

**NET ASSETS**

Net Assets Without Donor Restrictions	<u>278,244</u>
Total Net Assets	<u>278,244</u>
Total Liabilities and Net Assets	<u><u>\$ 326,525</u></u>

The accompanying notes are an integral part of these financial statements

**BETHLEHEM CENTERS OF NASHVILLE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NET ASSETS WITHOUT DONOR RESTRICTIONS**

**SUPPORT AND REVENUE**

Contributions and Grants	\$ 331,423
United Way	194,595
State and Local Government Awards	163,197
Interest and Dividends	85
Rental Income	43,972
Event Income	1,200
Unrealized Gain (Loss) from Investment	<u>606</u>
Total Support and Revenue	<u>735,078</u>

**EXPENSES**

Program Services	
Adult Development	205,805
Youth Development	145,452
Community Outreach	<u>145,452</u>
Total Program Services	<u>496,709</u>
Supporting Services	
Management and General	239,272
Fundraising	<u>5,000</u>
Total Supporting Services	<u>244,272</u>
Total Expenses	<u>740,981</u>
Change in Net Assets	(5,903)
Net Assets, Beginning of Year	<u>284,147</u>
Net Assets, End of Year	<u><u>\$ 278,244</u></u>

The accompanying notes are an integral part of these financial statements

**BETHLEHEM CENTERS OF NASHVILLE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Adult Development</u>	<u>Youth Development</u>	<u>Community Outreach</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 50,569	\$ 50,569	\$ 50,569	\$ 50,569	\$ 5,000	\$ 207,276
Payroll Taxes	-	-	-	16,875	-	16,875
Employee Benefits	-	-	-	9,463	-	9,463
Occupancy	13,561	13,561	13,561	13,561	-	54,244
Supplies and Materials	30,566	30,566	30,566	30,566	-	122,264
Contract Labor	28,195	28,195	28,195	28,195	-	112,780
Food	60,353	-	-	-	-	60,353
Building Maintenance and Repairs	7,414	7,414	7,414	7,414	-	29,656
Equipment Rent and Maintenance	8,228	8,228	8,228	8,228	-	32,912
Professional Fees	-	-	-	43,294	-	43,294
Insurance	-	-	-	18,955	-	18,955
Depreciation	-	-	-	4,824	-	4,824
Telephone	4,015	4,015	4,015	4,015	-	16,060
Postage	-	-	-	409	-	409
Travel	2,771	2,771	2,771	2,771	-	11,084
Other	133	133	133	133	-	532
Total Expenses	<u>\$ 205,805</u>	<u>\$ 145,452</u>	<u>\$ 145,452</u>	<u>\$ 239,272</u>	<u>\$ 5,000</u>	<u>\$ 740,981</u>

The accompanying notes are an integral part of these financial statements

**BETHLEHEM CENTERS OF NASHVILLE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ (5,903)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operations:	
Depreciation	4,824
Unrealized (Gain) Loss on Investments	(606)
(Increase) Decrease in:	
Accounts Receivable	19,522
Prepaid Expenses	(3,197)
Increase (Decrease) in:	
Accounts Payable	<u>(18,825)</u>
Net Cash Provided (Used) by Operating Activities	<u>(4,185)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Fixed Assets	<u>(8,838)</u>
Net Cash Provided (Used) by Investing Activities	<u>(8,838)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,023)
Cash and Cash Equivalents, Beginning of Year	<u>263,430</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 250,407</u></u>

The accompanying notes are an integral part of these financial statements



**BETHLEHEM CENTERS OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Purpose**

Bethlehem Centers of Nashville (the “Organization”) is a nonprofit corporation established in Nashville, Tennessee in 1971 that provides programs designed to empower at-risk children and adults. The Organization’s activities are funded from various sources. As a United Methodist Mission Agency, the Organization receives church-related funding and support as well as contributions from foundations and individuals. In addition, the Organization receives support from United Way and participates in grants and awards from governmental agencies and other organizations. A brief description of the Organization’s programs are as follows:

*Adult Development* – Serves adults of at-risk families by providing workforce development, serves homebound and disabled senior adults by providing meals, and serves senior adults with activities that promote health, wellness, and empowerment.

*Youth Development* – Serves at-risk youth by promoting self-esteem, team and job readiness/development, alcohol and drug prevention, and providing academic support and recreational activities.

*Community Outreach* –Serves at-risk families by providing emergency food boxes, the Christmas Toy Store, educational programs, family counseling, internships, volunteer opportunities, information, advocacy, referrals, and the Family Resource Center.

**Basis of Accounting**

The financial statements of Bethlehem Centers Of Nashville are maintained and presented on the accrual basis of accounting. Revenues are generally recognized when earned and expenses are generally recognized when incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Associations. Under the FASB Accounting Standards Codification, the Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions:*

These are net assets that are not subject to donor-imposed stipulations. The Organization had \$278,244 of net assets without donor restrictions as of June 30, 2023.

**BETHLEHEM CENTERS OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Net assets with donor restrictions:*

These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization had no net assets with donor restrictions as of June 30, 2023.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, Bethlehem Centers Of Nashville considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. As of June 30, 2023, the Organization had no cash equivalents.

**Accounts Receivable**

Accounts receivable are reported at their estimated collectible amounts. They are periodically evaluated for collectability based on management's assessment of each account. An allowance for doubtful accounts is established as losses are estimated to have occurred through recognition of bad debt expense. When management confirms the uncollectibility of an account receivable, such amount is charged off against the allowance for doubtful accounts. No allowance for doubtful accounts was

**Prepaid Expenses**

Prepaid expenses consists of insurance expenses which are paid in advance.

**Fixed Assets**

Fixed assets consists of Buildings and Equipment and Leasehold Improvements. Purchases above \$500 are recorded at cost. Depreciation is provided in amounts necessary to allocate the cost of assets over their estimated useful lives using the straight-line method. The estimated useful lives of all major classes of fixed assets are as follows:

Buildings and Building Improvements	5-40 years
Furniture and Equipment	5-15 years
Computers	5 years

**BETHLEHEM CENTERS OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Advertising**

Advertising costs are expensed when incurred.

**Revenue and Revenue Recognition**

*Revenue Recognition* - The Organization's revenue recognition policies are as follows:

*Contributions* are recognized when received as contributions without restriction if specified for the current period and there are no donor-imposed restrictions. Contributions specified for future periods or with donor-imposed restrictions are recognized in the period received as contributions with restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are satisfied in the year in which the contributions are

*Performance Obligations and Revenue Recognition* - A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's revenue within the scope of ASC 606 consists of contributions and campaigns. The contract obligations related to these services are satisfied when the services are rendered.

*Practical Expedients and Exemptions* - There are several practical expedients and exemptions allowed under ASC 606 that impact timing of revenue recognition and disclosures. There were no practical expedients or exemptions that were applied for the year ended June 30, 2023.

Revenues from non-exchange transactions (contributions) may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Revenues from conditional non-exchange transactions are recognized when the barrier is satisfied.

In general, the Organization's agreements have an expected duration of one year or less and the consideration from the members is an amount that corresponds directly with the value received by the members to date.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from estimates.

**BETHLEHEM CENTERS OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Services and Goods**

Donated services and goods are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by the Organization if not donated. Such services are recognized at fair value as support and expense in the period the services are performed.

Members of the Board of Directors have provided substantial assistance to the Organization by donation of time and services. The value of this contribution is not reflected in the financial statements since it is not susceptible to objective measurement of valuation.

**Allocation of Functional Expenses**

Expenses that can be directly attributed to a particular function are charged to that function. Accordingly, certain costs have been categorized based on specific identification of costs incurred or allocated as determined by management.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and related expenses	Time and Effort
Contract Labor	Time and Effort
Depreciation	Square Footage
Management & General Expenses	Time and Effort
Insurance	Policy Coverage

**Compensated Absences**

Compensated absences for sick pay and personal time have not been accrued since the Organization's policy is to recognize these costs when actually paid. There were no compensated absences for the year ended June 30, 2023.

**BETHLEHEM CENTERS OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**2. AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of June 30, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial Assets	\$ 259,354
Accounts Receivable	45,386
Prepaid Expenses	<u>3,197</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 307,937</u></u>

There is an adequate amount of financial assets available as of June 30, 2023. The Organization effectively manages its liquid available resources to meet cash needs for general expenditures within one year of the balance sheet date.

**3. CONCENTRATION OF CREDIT RISK**

The Organization receives a substantial amount of its support through governmental fees and awards from private foundations. A significant reduction in the level of this support, if it were to occur, could have a substantial effect on the programs and services of the Organization.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash on deposit. Cash deposits are in financial institutions in Tennessee and, at times, may exceed federally insured amounts. As of June 30, 2023, the cash accounts exceeded the Federal Deposit Insurance Corporation limit of \$250,000 by \$29,814. However, Management believes that the credit risk related to these deposits is minimal.

**4. UNEARNED REVENUE**

Unearned revenue includes private grants that have not yet been earned. Unearned revenue for each year amounted to:

For the year ended June 30, 2024	<u>\$ 30,000</u>
Total	<u><u>\$ 30,000</u></u>

**BETHLEHEM CENTERS OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**5. FIXED ASSETS**

A summary of fixed assets as of June 30, 2023 is as follows:

Building and Land	\$ 859,802
Improvements	560,545
Furniture and Equipment	499,207
Vehicles	8,269
Computers and Software	57,562
Less: Accumulated Depreciation	<u>(1,966,797)</u>
Total Fixed Assets	<u><u>\$ 18,588</u></u>

Land, parking lots, and certain structures are leased through December 2027 from the Women's Division of the General Board of Global Ministries at no cost to the Organization. The value of the use of these properties is not readily determinable and therefore not included in the accompanying financial

**6. FAIR VALUE OF INVESTMENTS**

Bethlehem Centers Of Nashville accounts for investments in accordance with FASB Accounting Standards Codification topic relating to Accounting for Certain Investments Held by Not-for-Profit Associations. Under FASB Accounting Standards Codification, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair market values in the statement of financial position. Unrealized gains and losses are included in the

Bethlehem Centers Of Nashville's investments are reported at fair value in the accompanying statements of financial position.

Fair Value Measurements at June 30, 2023				
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	<u>\$ 8,947</u>	<u>\$ 8,947</u>	<u>\$ -</u>	<u>\$ -</u>
	<u><u>\$ 8,947</u></u>	<u><u>\$ 8,947</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**BETHLEHEM CENTERS OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**6. FAIR VALUE OF INVESTMENTS (CONTINUED)**

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Board uses the appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements - The fair value of the investments are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Fair Value Measurements - The fair value of the investments are based on inputs other than quoted prices within Level 1 that are observable for the asset, either directly, or indirectly.

Level 3 Fair Value Measurements - The fair value of the investments are based on at least one significant unobservable input.

**7. STATE AND LOCAL GOVERNMENT AWARDS**

Funds received under the Grants from Tennessee Department of Mental Health, MDHA, and Metro Government of Nashville Davidson County are to be primarily used for Youth Development. As of June 30, 2023, state and local awards was composed of the following:

State and Local Government Awards	\$ 163,197
Total Grants Received	<u>\$ 163,197</u>

**8. INCOME TAXES**

Bethlehem Centers Of Nashville has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has been classified as a Non Profit Organization that is not a private

The Organization files a U.S. Federal Form 990-Return of Organization Exempt from Income Tax. The Organization's returns for the years prior to fiscal year ended June 30, 2020 are no longer open for examination.

**BETHLEHEM CENTERS OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**8. INCOME TAXES (CONTINUED)**

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions.

**9. LINE OF CREDIT**

The Organization has a line of credit agreement with a financial institution that allows for borrowings up to \$50,000. The line of credit bears interest at a variable rate based on the prime rate (7.25% at June 30, 2021); is secured by balances held by the lender; and matures on demand at lender's sole discretion. No balances were outstanding on this line of credit as of June 30, 2023.

**10. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 17, 2023 which is the date the financial statements were available to be issued.