



# **BETHLEHEM CENTERS OF NASHVILLE**

## **FINANCIAL STATEMENTS**

*As of and for the Years Ended June 30, 2017 and 2016*

*And Report of Independent Auditor*

# **BETHLEHEM CENTERS OF NASHVILLE**

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## **Report of Independent Auditor**

To the Board of Directors of  
Bethlehem Centers of Nashville  
Nashville, Tennessee

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, 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.

### **Opinion**

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, 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.

**Prior Period Financial Statements**

The statement of financial position as of June 30, 2016 and the related statements of activities, functional expenses and cash flows for the year then ended were audited by other auditors whose report dated January 26, 2017 expressed an unmodified opinion.

Cherry Bekart LLP

Nashville, Tennessee  
January 17, 2018

**BETHLEHEM CENTERS OF NASHVILLE**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 140,950	\$ 67,076
Investments	5,671	5,671
Accounts receivable	15,720	11,220
Pledge receivables	10,000	-
Prepaid expenses	4,066	245
	<u>176,407</u>	<u>84,212</u>
Total current assets		
Property and equipment, net	<u>201,437</u>	<u>268,471</u>
Total assets	<u><u>\$ 377,844</u></u>	<u><u>\$ 352,683</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	<u>\$ 21,107</u>	<u>\$ 13,580</u>
Total liabilities	<u>21,107</u>	<u>13,580</u>
Net assets:		
Unrestricted	346,737	324,350
Temporarily restricted	<u>10,000</u>	<u>14,753</u>
Total net assets	<u>356,737</u>	<u>339,103</u>
Total liabilities and net assets	<u><u>\$ 377,844</u></u>	<u><u>\$ 352,683</u></u>

See accompanying notes.

**BETHLEHEM CENTERS OF NASHVILLE**  
**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues:			
Contributions and grants (includes \$19,646 of in-kind)	\$ 337,856	\$ 10,000	\$ 347,856
United Way	96,470	-	96,470
Federal and state awards	94,204	-	94,204
Sponsoring organization	32,708	-	32,708
Other	39,850	-	39,850
	<u>601,088</u>	<u>10,000</u>	<u>611,088</u>
Net assets released from restrictions	<u>14,753</u>	<u>(14,753)</u>	<u>-</u>
Total support and revenues	<u>615,841</u>	<u>(4,753)</u>	<u>611,088</u>
Expenses:			
Program services:			
Adult development	175,435	-	175,435
Youth development	118,402	-	118,402
Community outreach	60,954	-	60,954
	<u>354,791</u>	<u>-</u>	<u>354,791</u>
Supporting services:			
Management and general	230,263	-	230,263
Fundraising	8,400	-	8,400
	<u>238,663</u>	<u>-</u>	<u>238,663</u>
Total supporting services	<u>238,663</u>	<u>-</u>	<u>238,663</u>
Total expenses	<u>593,454</u>	<u>-</u>	<u>593,454</u>
Change in net assets	22,387	(4,753)	17,634
Net assets at beginning of year	<u>324,350</u>	<u>14,753</u>	<u>339,103</u>
Net assets at end of year	<u><u>\$ 346,737</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 356,737</u></u>

See accompanying notes.

**BETHLEHEM CENTERS OF NASHVILLE**  
**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues:			
Contributions and grants (includes \$54,550 of in-kind)	\$ 317,107	\$ 22,130	\$ 339,237
United Way	95,777	-	95,777
Federal and state awards	95,626	-	95,626
Sponsoring organization	42,379	-	42,379
Other	33,910	-	33,910
	<u>584,799</u>	<u>22,130</u>	<u>606,929</u>
Net assets released from restrictions	<u>24,502</u>	<u>(24,502)</u>	<u>-</u>
Total support and revenues	<u>609,301</u>	<u>(2,372)</u>	<u>606,929</u>
Expenses:			
Program services:			
Adult development	164,447	-	164,447
Youth development	90,942	-	90,942
Community outreach	74,622	-	74,622
	<u>330,011</u>	<u>-</u>	<u>330,011</u>
Supporting services:			
Management and general	242,691	-	242,691
Fundraising	8,952	-	8,952
	<u>251,643</u>	<u>-</u>	<u>251,643</u>
Total supporting services	<u>251,643</u>	<u>-</u>	<u>251,643</u>
Total expenses	<u>581,654</u>	<u>-</u>	<u>581,654</u>
Change in net assets	27,647	(2,372)	25,275
Net assets at beginning of year	<u>296,703</u>	<u>17,125</u>	<u>313,828</u>
Net assets at end of year	<u><u>\$ 324,350</u></u>	<u><u>\$ 14,753</u></u>	<u><u>\$ 339,103</u></u>

See accompanying notes.

**BETHLEHEM CENTERS OF NASHVILLE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended June 30, 2017**

	Program Services				Supporting Services			
	Adult Development	Youth Development	Community Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 54,544	\$ 71,881	\$ 17,025	\$ 143,450	\$ 31,823	\$ 8,400	\$ 40,223	\$ 183,673
Payroll taxes and benefits	6,646	3,907	1,574	12,127	7,754	-	7,754	19,881
Total salaries and related expenses	61,190	75,788	18,599	155,577	39,577	8,400	47,977	203,554
Occupancy	11,364	16,867	11,364	39,595	23,604	-	23,604	63,199
Supplies and materials	36,643	3,602	8,594	48,839	2,871	-	2,871	51,710
Food	49,793	-	10	49,803	-	-	-	49,803
Professional fees	-	-	-	-	32,746	-	32,746	32,746
Contract labor	8,250	9,915	10,578	28,743	1,080	-	1,080	29,823
In-kind	1,369	4,826	7,365	13,560	6,086	-	6,086	19,646
Building maintenance and repairs	1,382	1,382	1,382	4,146	14,855	-	14,855	19,001
Insurance	-	861	-	861	12,936	-	12,936	13,797
Other	150	150	-	300	6,977	-	6,977	7,277
Telephone	1,167	2,088	1,167	4,422	1,577	-	1,577	5,999
Service contracts	801	1,001	701	2,503	1,745	-	1,745	4,248
Travel	2,331	1,125	562	4,018	-	-	-	4,018
Office supplies	533	318	538	1,389	1,668	-	1,668	3,057
Postage	188	-	94	282	1,057	-	1,057	1,339
Equipment rent and maintenance	214	389	-	603	497	-	497	1,100
Advertising	-	-	-	-	600	-	600	600
Conferences and meetings	60	90	-	150	-	-	-	150
Total nonpersonnel expenses	114,245	42,614	42,355	199,214	108,299	-	108,299	307,513
Total before depreciation	175,435	118,402	60,954	354,791	147,876	8,400	156,276	511,067
Depreciation	-	-	-	-	82,387	-	82,387	82,387
Total expenses	\$ 175,435	\$ 118,402	\$ 60,954	\$ 354,791	\$ 230,263	\$ 8,400	\$ 238,663	\$ 593,454

See accompanying notes.



**BETHLEHEM CENTERS OF NASHVILLE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended June 30, 2016**

	Program Services				Supporting Services			
	Adult Development	Youth Development	Community Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 42,698	\$ 38,275	\$ 24,503	\$ 105,476	\$ 47,587	\$ 8,400	\$ 55,987	\$ 161,463
Payroll taxes and benefits	4,774	2,735	1,872	9,381	1,473	552	2,025	11,406
Total salaries and related expenses	47,472	41,010	26,375	114,857	49,060	8,952	58,012	172,869
Food	58,907	-	-	58,907	-	-	-	58,907
Supplies and materials	30,359	11,494	6,776	48,629	6,240	-	6,240	54,869
In-kind	3,800	13,400	20,450	37,650	16,900	-	16,900	54,550
Occupancy	9,776	16,151	9,776	35,703	16,151	-	16,151	51,854
Professional fees	-	-	-	-	32,789	-	32,789	32,789
Contract labor	6,957	2,253	8,615	17,825	-	-	-	17,825
Insurance	-	861	-	861	12,597	-	12,597	13,458
Building maintenance and repairs	674	189	189	1,052	6,662	-	6,662	7,714
Service contracts	599	599	599	1,797	5,375	-	5,375	7,172
Other	450	-	91	541	6,210	-	6,210	6,751
Telephone	1,082	1,967	1,082	4,131	1,387	-	1,387	5,518
Equipment rent and maintenance	1,379	81	523	1,983	2,894	-	2,894	4,877
Travel	1,826	2,659	-	4,485	229	-	229	4,714
Office supplies	493	218	48	759	2,577	-	2,577	3,336
Postage	248	-	98	346	1,143	-	1,143	1,489
Interest	-	-	-	-	1,453	-	1,453	1,453
Advertising	-	-	-	-	725	-	725	725
Conferences and meetings	425	60	-	485	-	-	-	485
Total nonpersonnel expenses	116,975	49,932	48,247	215,154	113,332	-	113,332	328,486
Total before depreciation	164,447	90,942	74,622	330,011	162,392	8,952	171,344	501,355
Depreciation	-	-	-	-	80,299	-	80,299	80,299
Total expenses	\$ 164,447	\$ 90,942	\$ 74,622	\$ 330,011	\$ 242,691	\$ 8,952	\$ 251,643	\$ 581,654

See accompanying notes.

**BETHLEHEM CENTERS OF NASHVILLE**  
**STATEMENTS OF CASH FLOWS**  
For the years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 17,634	\$ 25,275
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	82,387	80,299
Changes in operating assets and liabilities:		
Accounts receivable	(4,500)	(6,456)
Pledge receivables	(10,000)	15,000
Prepaid expenses	(3,821)	3,257
Accounts payable and accrued expenses	7,527	(16,742)
Net cash provided by operating activities	<u>89,227</u>	<u>100,633</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(15,353)</u>	<u>(22,094)</u>
Net cash used in investing activities	<u>(15,353)</u>	<u>(22,094)</u>
Cash flows from financing activities:		
Proceeds from note payable	-	12,500
Principal payments on note payable	<u>-</u>	<u>(62,500)</u>
Net cash used in financing activities	<u>-</u>	<u>(50,000)</u>
Net increase in cash and cash equivalents	73,874	28,539
Cash and cash equivalents at beginning of year	<u>67,076</u>	<u>38,537</u>
Cash and cash equivalents at end of year	<u>\$ 140,950</u>	<u>\$ 67,076</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 1,453</u>

See accompanying notes.

**BETHLEHEM CENTERS OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Bethlehem Centers of Nashville (the “Organization”) is a nonprofit corporation 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 Presentation**

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Under GAAP, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**BETHLEHEM CENTERS OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2017 and 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

Permanently restricted net assets - net assets subject to donor imposed stipulations that they 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 permanently restricted net assets as of June 30, 2017 and 2016.

Contributions which are restricted for specific programs are reflected as unrestricted revenue if the funds are received and spent during the same fiscal year.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all cash funds, cash bank accounts, and highly liquid debt instruments with an original maturity when purchased of three months or less to be cash and cash equivalents.

**Accounts Receivable**

Accounts receivable are reviewed periodically as to their collectability. Based on collection experience and management's review, no allowance for doubtful accounts is considered necessary at June 30, 2017 and 2016.

**Contributions**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Pledge Receivables**

Pledges due in the next year are reflected as current pledges receivable and are recorded at their net realizable value. The pledge receivable outstanding as of June 30, 2017 totals \$10,000.

**BETHLEHEM CENTERS OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2017 and 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

Property and equipment are recorded at cost. Expenditures for ordinary maintenance and repairs are charged to operations. Renewals and betterments that materially extend the life of the asset are capitalized. Depreciation is provided in amounts necessary to allocate the cost of the various classes of assets over their estimated useful lives using the straight-line method.

Estimated useful lives of all major classes of assets are as follows:

Building and improvements	25 – 40 years
Furniture and equipment	5 – 15 years
Vehicles	5 years

**Income Taxes**

The Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes has been made.

The Organization follows Financial Accounting Standards Board Accounting Standards Codification guidance clarifying the accounting for uncertainty in income taxes recognized in an organization's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. There are no tax penalties or interest reported in the accompanying financial statements.

**Donated Materials and Services**

Donated materials and vendor services, if any, are reflected as contributions and expenses in the accompanying statements of activities at their estimated values upon receipt.

The Organization receives a significant amount of donated services from unpaid volunteers who assist in various activities. During the years ended June 30, 2017 and 2016, the value of contributed services from individuals meeting the requirements for recognition in the financial statements was not significant and has not been recorded.

**BETHLEHEM CENTERS OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2017 and 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donated Assets**

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Allocated Expenses**

For purposes of the statements of functional expenses, certain expenses have been allocated between program and supporting services based on estimates made by management.

**Subsequent Events**

The Organization evaluated subsequent events through January 17, 2018 when these financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

**NOTE 2 – ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Receivables related to governmental agencies – contracts and grants	\$ <u>15,720</u>	\$ <u>11,220</u>

**BETHLEHEM CENTERS OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2017 and 2016**

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30:

	<u>2017</u>	<u>2016</u>
Buildings and improvements	\$ 1,410,726	\$ 1,395,373
Furniture and equipment	538,327	538,327
Vehicles	<u>8,269</u>	<u>8,269</u>
	1,957,322	1,941,969
Less accumulated depreciation	<u>(1,755,885)</u>	<u>(1,673,498)</u>
	<u>\$ 201,437</u>	<u>\$ 268,471</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.

**NOTE 4 – NOTE PAYABLE**

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; is secured by balances held by the lender; and matures on August 17, 2018. No balances were outstanding on this line of credit as of June 30, 2017 and 2016.

**NOTE 5 – RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are comprised of the following at June 30:

	<u>2017</u>	<u>2016</u>
Restroom renovation	\$ -	\$ 14,753
STARS afterschool program - pledge receivable	<u>10,000</u>	<u>-</u>
	<u>\$ 10,000</u>	<u>\$ 14,753</u>

**NOTE 6 – CONCENTRATIONS**

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.