

BETHLEHEM CENTERS OF NASHVILLE

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2021 and 2020

And Report of Independent Auditor

BETHLEHEM CENTERS OF NASHVILLE
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Report of Independent Auditor

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

We have audited the accompanying financial statements of Bethlehem Centers of Nashville (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, 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 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 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 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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



Nashville, Tennessee
December 29, 2021

BETHLEHEM CENTERS OF NASHVILLE
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 229,802	\$ 151,493
Certificates of deposit	62,302	102,804
Investments	9,328	5,671
Accounts receivable	14,765	6,701
Prepaid expenses	2,832	2,759
Total Current Assets	319,029	269,428
Property and equipment, net	17,579	32,776
Total Assets	\$ 336,608	\$ 302,204
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 26,544	\$ 22,446
Total Liabilities	26,544	22,446
Net Assets:		
Without donor restrictions	295,340	257,258
With donor restrictions	14,724	22,500
Total Net Assets	310,064	279,758
Total Liabilities and Net Assets	\$ 336,608	\$ 302,204

BETHLEHEM CENTERS OF NASHVILLE
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Contributions and grants (includes \$4,035 of in-kind)	\$ 292,261	\$ 14,724	\$ 306,985
United Way	165,135	-	165,135
Federal and state awards	117,976	-	117,976
Sponsoring organization	15,000	-	15,000
Other	38,233	-	38,233
	628,605	14,724	643,329
Net assets released from restrictions	22,500	(22,500)	-
Total Support and Revenues	651,105	(7,776)	643,329
Expenses:			
Program Services:			
Adult development	157,969	-	157,969
Youth development	145,786	-	145,786
Community outreach	94,299	-	94,299
Total Program Services	398,054	-	398,054
Supporting Services:			
Management and general	209,969	-	209,969
Fundraising	5,000	-	5,000
Total Supporting Services	214,969	-	214,969
Total Expenses	613,023	-	613,023
Change in net assets	38,082	(7,776)	30,306
Net assets, beginning of year	257,258	22,500	279,758
Net assets, end of year	\$ 295,340	\$ 14,724	\$ 310,064

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

BETHLEHEM CENTERS OF NASHVILLE
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Contributions and grants (includes \$12,400 of in-kind)	\$ 313,278	\$ 22,500	\$ 335,778
United Way	108,084	-	108,084
Federal and state awards	91,569	-	91,569
Sponsoring organization	20,000	-	20,000
Other	39,100	-	39,100
	<u>572,031</u>	<u>22,500</u>	<u>594,531</u>
Net assets released from restrictions	-	-	-
Total Support and Revenues	<u>572,031</u>	<u>22,500</u>	<u>594,531</u>
Expenses:			
Program Services:			
Adult development	160,436	-	160,436
Youth development	114,904	-	114,904
Community outreach	52,507	-	52,507
Total Program Services	<u>327,847</u>	<u>-</u>	<u>327,847</u>
Supporting Services:			
Management and general	242,376	-	242,376
Fundraising	9,300	-	9,300
Total Supporting Services	<u>251,676</u>	<u>-</u>	<u>251,676</u>
Total Expenses	<u>579,523</u>	<u>-</u>	<u>579,523</u>
Change in net assets	(7,492)	22,500	15,008
Net assets, beginning of year	264,750	-	264,750
Net assets, end of year	<u>\$ 257,258</u>	<u>\$ 22,500</u>	<u>\$ 279,758</u>

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

BETHLEHEM CENTERS OF NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services				Supporting Services			Total
	Adult Development	Youth Development	Community Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 58,088	\$ 76,800	\$ 51,148	\$ 186,036	\$ 43,912	\$ 5,000	\$ 48,912	\$ 234,948
Payroll taxes and benefits	-	-	-	-	25,062	-	25,062	25,062
Total Salaries and Related Expenses	58,088	76,800	51,148	186,036	68,974	5,000	73,974	260,010
Supplies and materials (includes \$4,035 in-kind)	21,416	12,886	20,240	54,542	15,346	-	15,346	69,888
Occupancy	10,784	14,034	14,034	38,852	15,205	-	15,205	54,057
Contract labor	15,440	31,074	2,230	48,744	870	-	870	49,614
Food	42,493	-	-	42,493	-	-	-	42,493
Professional fees	-	-	-	-	31,680	-	31,680	31,680
Building maintenance and repairs	1,620	1,934	1,306	4,860	17,430	-	17,430	22,290
Equipment rent and maintenance	1,695	3,422	1,633	6,750	8,801	-	8,801	15,551
Insurance	-	432	433	865	14,096	-	14,096	14,961
Telephone	2,834	3,957	2,834	9,625	3,578	-	3,578	13,203
Other	780	270	45	1,095	10,458	-	10,458	11,553
Travel	2,736	867	258	3,861	123	-	123	3,984
Postage	83	110	138	331	467	-	467	798
Advertising	-	-	-	-	220	-	220	220
Total Nonpersonnel Expenses	99,881	68,986	43,151	212,018	118,274	-	118,274	330,292
Total Before Depreciation	157,969	145,786	94,299	398,054	187,248	5,000	192,248	590,302
Depreciation	-	-	-	-	22,721	-	22,721	22,721
Total Expenses	\$ 157,969	\$ 145,786	\$ 94,299	\$ 398,054	\$ 209,969	\$ 5,000	\$ 214,969	\$ 613,023

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

BETHLEHEM CENTERS OF NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services				Supporting Services			Total
	Adult Development	Youth Development	Community Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 57,939	\$ 67,763	\$ 18,078	\$ 143,780	\$ 44,384	\$ 9,300	\$ 53,684	\$ 197,464
Payroll taxes and benefits	-	-	-	-	19,443	-	19,443	19,443
Total Salaries and Related Expenses	57,939	67,763	18,078	143,780	63,827	9,300	73,127	216,907
Occupancy	11,546	14,796	14,796	41,138	16,283	-	16,283	57,421
Supplies and materials (includes \$12,400 in-kind)	25,979	10,324	11,367	47,670	22,430	-	22,430	70,100
Food	44,779	-	-	44,779	-	-	-	44,779
Contract labor	10,529	15,112	3,618	29,259	4,775	-	4,775	34,034
Professional fees	-	-	-	-	31,826	-	31,826	31,826
Building maintenance and repairs	1,209	1,209	1,559	3,977	15,444	-	15,444	19,421
Insurance	1,292	281	327	1,900	13,608	-	13,608	15,508
Travel	-	431	431	862	13,722	-	13,722	14,584
Other	2,098	3,194	2,098	7,390	2,442	-	2,442	9,832
Equipment rent and maintenance	-	273	-	273	9,327	-	9,327	9,600
Telephone	4,960	1,521	62	6,543	206	-	206	6,749
Printing and reproduction	50	-	-	50	1,647	-	1,647	1,697
Conferences and meetings	55	-	171	226	446	-	446	672
Postage	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-
Total Nonpersonnel Expenses	102,497	47,141	34,429	184,067	132,156	-	132,156	316,223
Total Before Depreciation	160,436	114,904	52,507	327,847	195,983	9,300	205,283	533,130
Depreciation	-	-	-	-	46,393	-	46,393	46,393
Total Expenses	\$ 160,436	\$ 114,904	\$ 52,507	\$ 327,847	\$ 242,376	\$ 9,300	\$ 251,676	\$ 579,523

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

BETHLEHEM CENTERS OF NASHVILLE
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 30,306	\$ 15,008
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	22,721	46,393
Changes in operating assets and liabilities:		
Accounts receivable	(8,064)	15,999
Prepaid expenses	(73)	(85)
Accounts payable and accrued expenses	4,098	3,576
Net cash flows from operating activities	<u>48,988</u>	<u>80,891</u>
Cash flows from investing activities:		
Purchases of property and equipment	(7,524)	(10,724)
Purchase of certificates of deposit	-	(2,204)
Sale of certificates of deposit	36,845	-
Net cash flows from investing activities	<u>29,321</u>	<u>(12,928)</u>
Net change in cash and cash equivalents	78,309	67,963
Cash and cash equivalents, beginning of year	151,493	83,530
Cash and cash equivalents, end of year	<u>\$ 229,802</u>	<u>\$ 151,493</u>

BETHLEHEM CENTERS OF NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Nature of operations and 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 (“U.S. GAAP”), as prescribed for not-for-profit organizations. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

Net Assets With Donor Restrictions – 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as increases to net assets without donor restrictions. Donor restricted net assets related to time restrictions totaled \$14,724 and \$22,500 at June 30, 2021 and 2020, respectively.

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. The cash accounts are held primarily by financial institutions and at times may exceed amounts that are federally insured. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk related to its cash held at financial institutions.

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, 2021 and 2020.

Contributions – 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 recognized.

BETHLEHEM CENTERS OF NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Nature of operations and 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:

Land, buildings, and equipment	25 – 40 years
Leasehold improvements	5 years
Computer software	5 years

Reclassifications – Certain reclassifications have been made to the 2020 balances to conform to the 2021 presentation.

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 the Financial Accounting Standards Board (“FASB”) 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 50% 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, 2021 and 2020, the value of contributed services from individuals meeting the requirements for recognition in the financial statements was not significant and has not been recorded.

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 net assets with donor restrictions to net assets without donor restrictions at that time.

BETHLEHEM CENTERS OF NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Nature of operations and summary of significant accounting policies (continued)

Use of Estimates – The preparation of financial statements in conformity with U.S. 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.

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>
Payroll and related expenses	Time and effort

Adoption of Accounting Standards – In May 2014, FASB issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (ASC 606)*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance is effective for the fiscal year ended June 30, 2021. The Organization adopted the provisions of ASU 2014-09 and the related ASUs as of July 1, 2020 using a modified retrospective approach, which resulted in no cumulative effect adjustment to net assets as of July 1, 2020. There was no change in the timing and amount of revenue recognition as a result of the adoption of these ASUs. Certain categories of revenue are not encompassed within the scope of the new ASU including contributions and grants revenue.

Accounting Policies for Future Pronouncements – In February 2016, FASB issued ASU 2016-02, *Leases*. This guidance introduces a lessee model that requires substantially all leases to be capitalized on the statement of financial position. This guidance is effective for the year ending June 30, 2023. Management is currently evaluating the impact of this standard on the Organization’s financial statements.

Subsequent Events – The Organization evaluated subsequent events through December 29, 2021, when these financial statements were available to be issued.

Note 2—Liquidity and availability of resources

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of providing programs and services designed to empower at-risk children and adults as well as to conduct services undertaken to support these services to be general expenditures.

BETHLEHEM CENTERS OF NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 2—Liquidity and availability of resources (continued)

As part of the Organization's liquidity management, it structures financial assets to be available as its general expenditures, liabilities, and other obligations become due. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following at June 30, 2021 and 2020:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 229,802	\$ 151,493
Certificates of deposit (interest rates of .10%; matures March 15, 2022)	62,302	102,804
Investments	9,328	5,671
Accounts receivable	14,765	6,701
Financial assets available to meet general expenditures within one year	<u>\$ 316,197</u>	<u>\$ 266,669</u>

Note 3—Accounts receivable

Accounts receivable consist of the following at June 30:

	2021	2020
Receivables related to governmental agencies - contracts and grants	<u>\$ 14,765</u>	<u>\$ 6,701</u>

Note 4—Property and equipment

Property and equipment consist of the following at June 30:

	2021	2020
Land, buildings, and equipment	\$ 1,496,410	\$ 1,489,597
Leasehold improvements	455,432	455,432
Computer software	24,771	24,060
	1,976,613	1,969,089
Less accumulated depreciation	<u>(1,959,034)</u>	<u>(1,936,313)</u>
	<u>\$ 17,579</u>	<u>\$ 32,776</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 statements.

BETHLEHEM CENTERS OF NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 5—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 (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, 2021 and 2020.

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.

Note 7—Uncertainty

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in the financial markets. The coronavirus outbreak and government responses are creating disruption to global supply chains and adversely impacting many industries. The outbreak could have a material adverse impact on the economic and market conditions and trigger a period of global economic shutdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organization, its performance, and its financial results.