

ASSOCIATION OF COMMUNITY EMPLOYMENT  
PROGRAMS FOR THE HOMELESS, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

ASSOCIATION OF COMMUNITY EMPLOYMENT  
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FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Association of Community Employment Programs  
for the Homeless, Inc.  
New York, New York

We have audited the accompanying financial statements of Association of Community Employment Programs for the Homeless, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2016 and the related statements of activities, changes in net assets, cash flows and functional expenses 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 of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 Association of Community Employment Programs for the Homeless, Inc., as of December 31, 2016 and changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Berkow, Schechter & Company LLP

Stamford, Connecticut  
March 9, 2017

ASSOCIATION OF COMMUNITY EMPLOYMENT  
PROGRAMS FOR THE HOMELESS, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2016

ASSETS

CURRENT ASSETS:

Cash	\$ 219,924
Accounts receivable	311,850
Prepaid expenses	114,057
Total Current Assets	<u>645,831</u>

FIXED ASSETS:

Furniture, fixtures and equipment	92,821
Leasehold improvements	80,903
Less: accumulated depreciation	(110,385)
Fixed Assets, Net	<u>63,339</u>

Security deposit	65,575
TOTAL ASSETS	<u>\$ 774,745</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 1,885
Credit cards payable	23,309
Accrued expenses	27,781
Total Current Liabilities	<u>52,975</u>

NONCURRENT LIABILITIES:

Deferred rent	4,216
Total Noncurrent Liabilities	4,216

Total Liabilities	<u>57,191</u>
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Net assets, unrestricted	<u>717,554</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 774,745</u>
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ASSOCIATION OF COMMUNITY EMPLOYMENT  
PROGRAMS FOR THE HOMELESS, INC.  
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016

REVENUES, GAINS AND OTHER SUPPORT	
Gifts and grants	\$ 1,620,330
Program service revenue:	
Project Stay	1,889,134
Project Comeback	111,415
Total program service revenue	<u>2,000,549</u>
Special events	459,509
Less: direct expenses	<u>(180,135)</u>
Special events, net	279,374
Total Revenues, Gains and Other Support	<u>3,900,253</u>
EXPENSES	
Program services	3,110,815
Management and general	210,984
Fundraising	359,941
Total Expenses	<u>3,681,740</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>\$ 218,513</u>
Net assets, December 31, 2015	<u>499,041</u>
Net assets, December 31, 2016	<u><u>\$ 717,554</u></u>

ASSOCIATION OF COMMUNITY EMPLOYMENT  
PROGRAMS FOR THE HOMELESS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets from operations	\$ 218,513
Depreciation	22,160
Change in assets and liabilities	
Accounts receivable	3,281
Prepaid expenses	(107,819)
Accounts payable	1,137
Accrued expenses	<u>17,330</u>
Net Cash Provided By Operating Activities	<u>154,602</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Increase in security deposit	<u>(35,575)</u>
Net Cash Used In Investing Activities	<u>(35,575)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Credit cards payable	<u>(2,825)</u>
Net Cash Used In Financing Activities	<u>(2,825)</u>
Net increase in cash and cash equivalents	116,202
Cash, Beginning of Year	<u>99,506</u>
CASH, END OF YEAR	<u><u>\$ 215,708</u></u>

ASSOCIATION OF COMMUNITY EMPLOYMENT PROGRAMS FOR THE HOMELESS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016

EXPENSE	Total	Program Services			Total Programs	Management & General	Fundraising
		Project Comeback	Project Stay	Project Home			
Wages	\$1,015,828	\$ 334,092	\$ 423,954	\$ -	\$ 758,046	\$ 79,283	\$ 178,499
Participant wages	829,745	-	829,745	-	829,745	-	-
Participant stipends	543,279	385,929	157,350	-	543,279	-	-
Rent	280,423	197,560	27,621	-	225,181	27,621	27,621
Payroll taxes	175,714	59,588	89,760	-	149,348	6,326	20,040
Employee benefits	140,417	102,396	-	-	102,396	504	37,517
Insurance	138,096	53,872	53,872	-	107,744	17,931	12,421
Remote storage expenses and supplies	129,306	-	129,306	-	129,306	-	-
Contract services	48,160	-	48,160	-	48,160	-	-
Participant transportation and education	47,957	43,161	4,796	-	47,957	-	-
Payroll processing	39,048	14,823	17,723	-	32,546	1,626	4,876
Temporary help	30,209	-	-	-	-	30,209	-
Lease rental subsidy	24,365	-	-	24,365	24,365	-	-
Participant compliance	22,196	22,196	-	-	22,196	-	-
Depreciation	22,160	5,540	2,216	-	7,756	8,864	5,540
Facility maintenance	17,985	-	-	-	-	4,496	13,489
Participant meals and other	16,560	16,560	-	-	16,560	-	-
Truck operation	15,512	-	15,512	-	15,512	-	-
Printing and publications	15,213	1,521	-	-	1,521	761	12,931
Sanitation supplies	14,994	11,995	2,999	-	14,994	-	-
Business meetings	14,557	-	-	-	-	2,911	11,646
Communication	14,023	5,609	1,402	-	7,011	3,506	3,506
Office supplies and expense	13,215	5,286	1,321	-	6,607	3,304	3,304
Copier rental and maintenance	12,059	-	1,206	-	1,206	8,441	2,412
Accounting	12,000	-	-	-	-	12,000	-
Website and technology	9,609	4,804	961	-	5,765	1,922	1,922
Development consultants	9,258	-	-	-	-	-	9,258
Participant uniforms	7,921	3,168	4,753	-	7,921	-	-
Credit card fees	6,520	-	-	-	-	-	6,520
Postage and shipping	4,346	1,304	-	-	1,304	-	3,042
Dues and subscriptions	3,875	-	-	-	-	500	3,375
Direct mail publications	2,000	300	-	-	300	-	1,700
Bank charges and miscellaneous	1,886	1,509	-	-	1,509	377	-
Planter	1,700	1,700	-	-	1,700	-	-
Legal	1,604	478	402	-	880	402	322
<b>TOTAL EXPENSES</b>	<b>\$3,681,740</b>	<b>\$ 1,273,391</b>	<b>\$ 1,813,059</b>	<b>\$ 24,365</b>	<b>\$ 3,110,815</b>	<b>\$ 210,984</b>	<b>\$ 359,941</b>

See independent auditor's report and notes to financial statements.



ASSOCIATION OF COMMUNITY EMPLOYMENT  
PROGRAMS FOR THE HOMELESS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The Association of Community Employment Programs for the Homeless, Inc. (the "Organization"), is a New York not-for-profit organization formed in 1995 with operations commencing in 1996. The Organization works annually with nearly five hundred homeless men and women throughout New York City providing an initial four to six month intensive job training program consisting of real time work experience, job readiness workshops, one-on-one counseling, adult education, industry specific certifications and job placement assistance. Thereafter, the Organization provides a lifetime support network to continue to help both current and former program participants achieve their goals of economic independence with continued counseling in all facets, as well as college scholarships and a new rental subsidy program.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three (3) months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are reported at the amount of outstanding invoices with local business entities for the program service revenue derived from cleaning, sanitation and horticultural services provided by the participants. If necessary, minor balances are written off through charges against program service revenue, but only after management has exhausted reasonable and legal collection efforts.

Prepaid Expenses

Prepaid expenses represent advance payments, mainly gala planning and rent, as well as improvements related to a space to be rented in the next fiscal year (see note 4).

Fixed Assets

Depreciation expense is \$22,160 for 2016 and is calculated on the straight-line basis using useful lives between five and ten years for furniture, fixtures and equipment. Leasehold improvements are amortized over the shorter of the remaining life of the lease or the actual asset life.

ASSOCIATION OF COMMUNITY EMPLOYMENT  
PROGRAMS FOR THE HOMELESS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Promises to Give

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

Revenue Recognition

The Organization has contracts with a local government agency that require payment at the end of the agency's June 30, 2017 fiscal year end. Revenue related to these contracts has been recognized based on an estimate of the percentage of the contracted services provided as of December 31, 2016.

Estimates

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

Functional Expenses

Functional expenses have been allocated between program services, and supporting services based upon actual costs and percentage of personnel time devoted to each area. Certain overhead costs have been allocated based upon analysis of aggregate charges within each functional area.

NOTE 2 - FIXED ASSETS

Furniture and equipment and leasehold improvements are stated at cost, less accumulated depreciation, and are summarized as follows:

	<u>2016</u>
Furniture and equipment	\$92,821
Leasehold improvements	<u>80,903</u>
	173,724
Less accumulated depreciation	<u>(110,385)</u>
Fixed assets, net	<u>\$63,339</u>

See independent auditor's report.

ASSOCIATION OF COMMUNITY EMPLOYMENT  
PROGRAMS FOR THE HOMELESS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 3 - TAX STATUS

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is not subject to federal income taxes.

NOTE 4 - COMMITMENTS

The Organization has a ten year lease ending December 31, 2019 for the entire seventh floor of 598 Broadway New York, NY including minor basement storage space. The lease calls for payments as follows:

<u>Year</u>	<u>Rent</u>	<u>Utilities</u>	<u>Total</u>
2017	202,908	6,048	208,956
2018	211,124	6,264	217,388
2019	<u>211,124</u>	<u>6,264</u>	<u>217,388</u>
Total	<u>\$828,064</u>	<u>\$24,624</u>	<u>\$852,688</u>

The lease also includes a provision covering increases in New York City real estate taxes. The Organization must pay eight percent of any real estate tax increases over the base rate as of June 30, 2010. Rent expense for 2016 includes \$46,433 under this provision.

The Organization has entered into a new ten year lease, signed August 3, 2016, for 7,115 square feet at 30-30 Northern Blvd. Long Island City, NY. The lease will commence upon substantial completion of the landlord's work in the rentable space. The Organization has made the following commitments under the new lease:

<u>Year</u>	<u>Base Rent</u>
Year 1	213,450
Year 2	219,854
Year 3	226,470
Year 4	233,230
Year 5	240,202
Remaining Years	<u>1,313,571</u>
Total	<u>\$2,446,777</u>

The new lease requires a security deposit equal to two months of the annual base rent. As a result, the Organization has increased its security deposit balance by \$35,575.

All leases are also guaranteed by the Organization's founder.

ASSOCIATION OF COMMUNITY EMPLOYMENT  
PROGRAMS FOR THE HOMELESS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 5 - CONCENTRATION OF CREDIT RISK

Cash and cash equivalents are insured up to \$250,000 by the Federal Deposit Insurance Corporation (the "FDIC"). At times the Organization's cash balances exceed the FDIC limit and as a result, the excess amount is not insured by the FDIC.

The Organization receives a significant amount of its income from private foundations.

NOTE 6 - RELATED PARTY

The founder and a director of the Organization are also directors of Buhl Foundation, Inc. and Association of Charles Evans Housing Foundation which are the Organization's largest benefactors making contributions to the Organization of \$571,298 and \$452,930, respectively in 2016.

All leases are also guaranteed by the Organization's founder.

NOTE 7 - RETIREMENT PLAN

The Organization provides its employees with a 401(k) retirement plan. Pension plan expense represent matching of up to 4% of participating employee's compensation. The employer contribution to the plan for the current year was \$20,212.

NOTE 8 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 9, 2016, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through March 9, 2017 that would require adjustment or disclosure in the financial statements.