



EMPOWERING THE HOMELESS
IMPROVING COMMUNITIES

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Association of Community Employment Programs
for the Homeless, Inc.
Long Island City, 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, 2018 and the related statements of activities, changes in net assets, 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 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, 2018 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.

A handwritten signature in cursive script that reads "Berkow, Schechter & Company LLP". The signature is written in dark ink and is positioned above the printed name of the firm.

Berkow, Schechter & Company LLP

Stamford, Connecticut
February 15, 2019

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS:

Cash	\$ 354,060
Accounts receivable, net of \$2,561 bad debt reserve	836,275
Prepaid expenses	88,396
Total Current Assets	<u>1,278,731</u>

FIXED ASSETS:

Furniture, fixtures and equipment	187,337
Leasehold improvements	89,732
Less: accumulated depreciation	(81,601)
Fixed Assets, Net	<u>195,468</u>

Security deposit	35,575
TOTAL ASSETS	<u><u>\$1,509,774</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 115,063
Credit cards payable	19,893
Contract advance payable	510,513
Accrued expenses	-
Total Current Liabilities	<u>645,469</u>

Total Liabilities	<u>645,469</u>
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Net assets, without donor restrictions	<u>864,305</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$1,509,774</u></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, 2018

REVENUES, GAINS AND OTHER SUPPORT
WITHOUT DONOR RESTRICTIONS

Gifts and grants		\$ 900,186
Program service revenue:		
Project Stay	3,056,561	
Project Comeback	<u>220,009</u>	
Total program service revenue		3,276,570
Special events	669,619	
Less: direct expenses	<u>(192,079)</u>	
Special events, net		477,540
Total Revenues, Gains and Other Support Without Donor Restrictions		<u>4,654,296</u>

EXPENSES

Program services	3,887,152
Management and general	187,326
Fundraising	<u>440,109</u>
Total Expenses Without Donor Restrictions	4,514,587

CHANGE IN NET ASSETS FROM OPERATIONS
WITHOUT DONOR RESTRICTIONS

	<u>\$ 139,709</u>
Net assets, December 31, 2017	<u>724,596</u>
Net assets, December 31, 2018	<u><u>\$ 864,305</u></u>

ASSOCIATION OF COMMUNITY EMPLOYMENT PROGRAMS FOR THE HOMELESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

EXPENSE	Total	Program Services				Management & General	Fundraising
		Project Comeback	Project Stay	Project Home	Total Programs		
Participant wages	\$ 1,773,492	\$ -	\$ 1,773,492	\$ -	\$ 1,773,492	\$ -	\$ -
Wages	916,328	271,689	410,569	-	682,258	30,496	203,574
Participant stipends	391,464	332,538	58,926	-	391,464	-	-
Payroll taxes	220,568	44,723	158,085	-	202,808	2,412	15,348
Rent	159,282	75,659	75,659	-	151,318	3,982	3,982
Insurance	156,076	64,507	64,507	-	129,014	16,605	10,457
Remote storage expenses and supplies	139,608	-	139,608	-	139,608	-	-
Employee benefits	136,085	38,633	63,298	-	101,931	2,813	31,341
Development consultants	71,252	-	-	-	-	-	71,252
Participant transportation and education	67,481	60,733	6,748	-	67,481	-	-
Legal	67,240	20,172	16,810	-	36,982	16,810	13,448
Administrative services	60,005	-	-	-	-	60,005	-
Truck operation	49,281	-	49,281	-	49,281	-	-
Payroll processing	39,410	8,550	27,431	-	35,981	447	2,982
Depreciation	34,372	8,593	3,437	-	12,030	13,749	8,593
Participant meals and other	27,230	27,230	-	-	27,230	-	-
Copier rental and maintenance	25,330	-	2,533	-	2,533	17,731	5,066
Salesforce maintenance	24,639	-	-	-	-	6,160	18,479
Participant compliance	22,402	22,402	-	-	22,402	-	-
Participant uniforms	20,758	8,303	12,455	-	20,758	-	-
Office supplies	19,399	7,759	1,940	-	9,699	4,850	4,850
Printing and publications	19,357	1,936	-	-	1,936	968	16,453
Accounting	16,000	4,800	4,000	-	8,800	4,000	3,200
Dues and subscriptions	12,781	-	-	-	-	1,278	11,503
Business meetings	12,128	-	-	-	-	2,426	9,702
Website and technology	6,996	3,498	700	-	4,198	1,399	1,399
Lease abandonment	6,082	3,345	2,433	-	5,778	182	122
Credit card fees	5,223	-	-	-	-	-	5,223
Bank charges and miscellaneous	4,645	3,552	-	-	3,552	888	205
Lease rental subsidy	4,204	-	-	4,204	4,204	-	-
Postage and shipping	4,186	1,256	-	-	1,256	-	2,930
Sanitation supplies	1,158	926	232	-	1,158	-	-
Miscellaneous fees	125	-	-	-	-	125	-
TOTAL EXPENSES	\$ 4,514,587	\$ 1,010,804	\$ 2,872,144	\$ 4,204	\$ 3,887,152	\$ 187,326	\$ 440,109

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

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets from operations	\$ 139,709
Depreciation	34,372
Loss on abandonment of leasehold improvements	6,082
Change in assets and liabilities	
Accounts receivable	(490,514)
Prepaid expenses	(38,108)
Accounts payable	112,350
Contract advances payable	510,513
Accrued expenses	<u>(54,900)</u>
Net Cash Provided By Operating Activities	<u>219,504</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of furniture fixtures & equipment	(75,814)
Net Cash Used In Investing Activities	<u>(75,814)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Increase in credit cards payable	<u>19,526</u>
Net Cash Used In Financing Activities	<u>19,526</u>
Net decrease in cash and cash equivalents	163,216
Cash, Beginning of Year	<u>190,844</u>
CASH, END OF YEAR	<u><u>\$ 354,060</u></u>

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 as the successor to the SoHo & Tribeca Partnerships originally formed in 1992. 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 and state & local authorities 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 advance on medical insurance.

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets

Depreciation expense is \$34,372 for 2018 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.

Contributions

Contributions received are recorded as with donor restriction or without donor restriction 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 net assets without donor restrictions 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 net assets with donor restrictions depending on the nature of the restrictions. When a restriction is met or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue Recognition

The Organization has contracts with a local government agency that require payment at the end of the agency's June 30, 2019 fiscal year end. Revenue related to these contracts has been recognized based on an estimate of the percentage for the unregistered contracted services provided as of December 31, 2018. Revenue from registered contracts are recognized based on actual expenses incurred.

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.

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 - FIXED ASSETS

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

	<u>2018</u>
Furniture and equipment	\$187,337
Leasehold improvements	<u>89,732</u>
	277,069
Less accumulated depreciation	<u>(81,601)</u>
Fixed assets, net	<u>\$195,468</u>

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

On August 3, 2016 the Organization entered into a ten year lease to occupy 7,115 square feet of usable space at 30-30 Northern Blvd, Long Island City, New York. The lease was to commence on June 1, 2017, the expected completion date of all construction, and continue through May 31, 2027. The Organization took occupancy of the space in June of 2017 but construction was not substantially completed as had been stipulated in the lease. The landlord completed all construction in early 2018 and normal lease payments commenced in May of 2018. The commitment under the new lease is as follows:

<u>Year</u>	<u>Base Rent</u>
Year 1	219,854
Year 2	226,470
Year 3	233,230
Year 4	240,202
Year 5	247,382
Remaining Years	<u>1,279,639</u>
Total	<u>\$2,446,777</u>

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PROGRAMS FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 - CONCENTRATION 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. Risk is managed by maintaining significant balances in highly qualified financial institutions.

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

NOTE 6 - RELATED PARTY

The founder and a director of the Organization is also a director of the Association of Charles Evans Housing Foundation, a large Organization benefactor that made contributions to the Organization of \$81,257 in 2018.

NOTE 7 - RETIREMENT PLAN

The Organization provides its employees with a 401(k) retirement plan. Pension plan expense represents matching of up to 4% of participating employees' compensation. The employer contribution to the plan for the current year was \$19,606.

NOTE 8 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 15, 2019, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date that would require adjustment or disclosure in the financial statements.