



EMPOWERING THE HOMELESS
IMPROVING COMMUNITIES

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities and Change in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14



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, 2019 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, 2019 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 26, 2020

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 896,334
Accounts receivable (Note 8)	796,834
Other receivables	17,687
Prepaid expenses	73,938
Total Current Assets (Note 2)	<u>1,784,793</u>

FIXED ASSETS:

Furniture, fixtures and equipment	60,101
Vehicles	126,213
Leasehold improvements	89,732
Less: accumulated depreciation	(67,063)
Fixed Assets, Net (Note 3)	<u>208,983</u>

Security deposit	35,575
TOTAL ASSETS	<u><u>\$2,029,351</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 46,900
Credit cards payable	35,044
Contracts advances payable (Note 9)	525,119
Total Current Liabilities	<u>607,063</u>

Total Liabilities	<u>607,063</u>
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Net assets

Without donor restrictions	1,422,288
With donor restrictions	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$2,029,351</u></u>

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Gifts and grants	\$ 692,525	\$ -	\$ 692,525
Program services	4,842,793	-	4,842,793
Special events revenue (Note 7)	517,313	-	517,313
Special events expenses	(167,215)	-	(167,215)
Fundraising event, net of expenses	27,190	-	27,190
Investment income	4,686		4,686
Total Revenues, Gains and Other Support	5,917,292	-	5,917,292
FUNCTIONAL EXPENSES			
Program services	4,766,163	-	4,766,163
Management and general	178,768	-	178,768
Fundraising	414,378	-	414,378
Total Functional Expenses	5,359,309	-	5,359,309
CHANGE IN NET ASSETS	557,983	-	557,983
Net assets, December 31, 2018	864,305	-	864,305
Net assets, December 31, 2019	\$ 1,422,288	\$ -	\$ 1,422,288

ASSOCIATION OF COMMUNITY EMPLOYMENT PROGRAMS FOR THE HOMELESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

EXPENSE	<i>Program Activities</i>			<i>Supporting Activities</i>			Total Expenses
	Project Comeback	Project Stay	Programs Subtotal	Management & General	Fundraising	Supporting Subtotal	
Contract services wages	\$ -	\$ 2,041,689	\$ 2,041,689	\$ -	\$ -	\$ -	\$ 2,041,689
Staff wages	497,294	532,048	1,029,342	52,273	207,431	259,704	1,289,046
Program stipend/retention	387,141	47,262	434,403	-	-	-	434,403
Payroll taxes	39,141	202,575	241,716	4,114	16,327	20,441	262,157
Rent	114,727	114,727	229,454	6,038	6,038	12,076	241,530
Employee benefits	46,106	88,252	134,358	-	26,118	26,118	160,476
Sanitation supplies & storage	65,671	93,932	159,603	-	-	-	159,603
Insurance	60,834	60,833	121,667	12,837	11,835	24,672	146,339
Administration services	23,979	-	23,979	60,541	4,118	64,659	88,638
Development consultants	-	-	-	-	77,400	77,400	77,400
Client education & certifications	71,719	-	71,719	-	-	-	71,719
Depreciation	16,027	16,027	32,054	6,869	6,869	13,738	45,792
Payroll processing	6,601	34,164	40,765	694	2,753	3,447	44,212
Water truck operating	-	34,675	34,675	-	-	-	34,675
Client compliance & evaluation	33,843	-	33,843	-	-	-	33,843
Program meals & other	19,238	12,706	31,944	-	-	-	31,944
Photocopier rental & maintenance	11,074	4,746	15,820	7,910	7,910	15,820	31,640
Program uniforms	14,968	13,951	28,919	-	-	-	28,919
Office supplies	8,859	2,215	11,074	5,537	5,537	11,074	22,148
Website and IT	4,115	4,115	8,230	1,029	11,317	12,346	20,576
Accounting	915	915	1,830	15,555	915	16,470	18,300
Business meals & local travel	4,829	4,829	9,658	690	3,449	4,139	13,797
Printing and publications	1,373	-	1,373	687	11,671	12,358	13,731
Dues & subscriptions	3,631	3,631	7,262	1,210	3,631	4,841	12,103
Credit card fee	-	-	-	-	8,620	8,620	8,620
Security	3,468	3,468	6,936	183	183	366	7,302
Legal	1,663	1,386	3,049	1,386	1,109	2,495	5,544
Bank charges & miscellaneous	4,360	-	4,360	1,090	-	1,090	5,450
Postage and shipping	2,294	1,147	3,441	-	1,147	1,147	4,588
Staff training	2,250	750	3,000	-	-	-	3,000
NYS Charities Bureau	-	-	-	125	-	125	125
TOTAL EXPENSES	\$ 1,446,120	\$ 3,320,043	\$ 4,766,163	\$ 178,768	\$ 414,378	\$ 593,146	\$ 5,359,309

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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets from operations	\$ 557,983
Depreciation	45,792
Change in assets and liabilities	
Accounts receivable	39,442
Prepaid expenses	13,757
Insurance receivable	(15,527)
Employee loans and advances	(1,460)
Accounts payable	(68,161)
Credit card payable	15,149
Contracts advances payable	<u>14,606</u>
Net Cash Provided By Operating Activities	601,581
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures	<u>(59,307)</u>
Net Cash Used In Investing Activities	(59,307)
Net decrease in cash and cash equivalents	542,274
Cash, Beginning of Year	<u>354,060</u>
CASH, END OF YEAR	<u><u>\$ 896,334</u></u>

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

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 has its mission as working with the homeless men and women throughout New York City, providing job training, work experience and a lifetime of support network to help their program participants achieve their goals and establish economic independence.

The Organization’s program services include the following major components:

Project Comeback: This program provides recovering homeless individuals with the skills, support services and motivation they need to obtain and sustain full-time employment and economic independence. Participants receive job-readiness training, supported work experience, adult basic education, supplemental skills training and vocational support services including life skills development and job search assistance. Program activities take place seven days each week year-round, with each participant attending five days weekly, and graduating from the program once they find full-time employment.

Project Stay: This is the Organization’s aftercare program, which offers its graduates lifelong support and enrichment services aimed at helping them stay employed, explore opportunities for career growth, and continue to develop their living skills, especially those pertaining to financial literacy and money management. To assist graduates during their transition to self-sufficiency, the program offers regular support groups and one-on-one counseling as needed with Certified Rehabilitation Counselor. The program also provides a variety of workshops geared toward vocational, educational and personal advancement, covering topics such as communication skills, time management, conflict mediation and work/life balance.

Included in the Project Stay program, is the Contract Services initiative. Through this initiative, the Organization employs graduates to perform daily supplemental sanitation services across New York. This initiative provides critical employment opportunities for the Organization’s program participants, who have histories of homelessness, incarceration and addiction. The full-time employees are able to make their transition to independence while continuing to receive all of the program support that is available.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The financial statement presentation follows the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Non-for-Profit Entities*. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets, revenues, 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:

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. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the nonprofit Organization or by the passage of time. When a donor restriction expires, the net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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.

Property and Equipment

The Organization records property and equipment at cost, or if received by donation, at estimated fair value at the time such items are received. Property and equipment with a cost or fair value in excess of \$5,000 with a useful life in excess of one year are capitalized. Major repairs and replacements that extend the useful life of property are similarly capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. Vehicles, furniture, fixtures, and equipment are depreciated using the straight-line method over their useful lives which range from five to ten years. Leasehold improvements are amortized over the shorter of the remaining life of the lease or the actual asset life. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from accounts, and any related gain or loss is reflected in income for the period.

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contracts with local government agency: The Organization has contracts with a local government agency that require payment at the end of the agency's June 30, 2020 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, 2019. Revenue from registered contracts are recognized based on actual expenses incurred.

Contributions: All contributions are considered available for the general programs of the Organization, unless specifically restricted by the donor. The Organization reports all monetary gifts as support with donor restrictions if they are received with donor stipulations that limit their use or are subject to time 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 and reported in the statement of activities as net assets released from restrictions.

Donated Services: Donated services are defined as services that require specialized skills that would otherwise have been purchased by the Organization. No amounts have been reflected in the financial statements for donated services of volunteers because they do not meet the criteria for recognition in the financial statements under accounting principles generally accepted in the United States of America.

Use of 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 Allocation of 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, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

ASU 2016-02 Leases (Topic 842): In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASU) No. 2016-02, Leases (Topic 842), which requires recognition of rights and obligations from lease contracts longer than one year as assets and liabilities on the balance sheet. The new standard is effective for the Organization January 1, 2021. The Organization is evaluating the effect that ASU No. 2016-02 will have on its financial statements and related disclosures.

ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made: In June 2018 the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies how entities will determine whether to account for a transfer of assets as an exchange transaction or a contribution. The distinction is important because contributions are accounted for under ASC 958-605, Not-For-Profit Entities – Revenue Recognition, while exchange transactions are accounted for under other guidance such as ASC 606 Revenue from

Contracts with Customers. The guidance also clarifies how entities determine whether a contribution is conditional. The timing of revenue and expense recognition depends upon whether a contribution is conditional or unconditional. The Organization has evaluated the effect of ASU 2018-08 and determined that it will have no impact on its financial statements and related disclosures.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available for general expenditure within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	\$ 896,334
Accounts receivable, net	796,834
Insurance receivable	15,527
Employee loans and advances	2,160
Prepaid expenses	<u>73,938</u>
	<u>\$ 1,784,793</u>

As part of its liquidity management, the Organization structures its financial assets to be available to satisfy its general expenditures, current liabilities, and other obligations as they come due. The Organization evaluates its net assets without donor restrictions position annually and ensures availability of cash. The Organization's investment policy is to invest its funds entirely in cash and cash equivalents to minimize exposures to market risks and preserve constant dollar value.

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2019</u>
Furniture, fixtures and equipment	\$ 60,101
Vehicles	126,213
Leasehold improvements	<u>89,732</u>
	276,046
Less accumulated depreciation	<u>(67,064)</u>
Fixed assets, net	<u>\$ 208,982</u>

Depreciation expense was \$45,792, for the year ended December 31, 2019.

NOTE 4 - 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. The Organization is required to file a Return of Organization Exempt from Income Tax (Form 990) annually, with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The entity has determined it has no activities subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS, for the year ended December 31, 2019.

Generally, federal and state authorities may examine the Organization's informational tax returns for up to three (3) years from date of filing. Consequently, income tax returns for years prior to 2016 are no longer subject to examination by tax authorities.

NOTE 5 - 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. Future annual minimum lease payments due under the operating lease as of December 31, 2019, are as follows:

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – COMMITMENTS (CONTINUED)

<u>Year</u>	<u>Base Rent</u>
2020	\$ 230,417
2021	237,299
2022	244,397
2023	252,376
2024	259,751
Thereafter	<u>658,204</u>
	<u>\$ 1,882,444</u>

Total operating lease expense was \$241,531, for the year ended December 31, 2019.

NOTE 6 - 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 7 - SPECIAL EVENTS

Special events generate revenue for the Organization as well as raise awareness about the Organization’s mission. Some events are annual and some are incidental to the Organization’s central activities and do not happen regularly.

The Organization held one annual event during the year ended December 31, 2019 related to its annual Gala as follows:

Changes in net assets without donor restrictions:		
Special event revenue	\$ 517,313	
Less: Cost of direct benefits to donors	<u>(167,215)</u>	
Net revenue from special events		350,098
Other fundraising events revenue	37,590	
Less: Cost of fundraising event	<u>(10,400)</u>	
Net revenue from other fundraising event		<u>27,190</u>
Total		<u>\$ 377,288</u>

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 8 - ACCOUNTS RECEIVABLE

A significant amount of the Organization's accounts receivable consists of outstanding invoices with local business entities and state and local authorities for the program revenue derived from cleaning, sanitation and horticultural services provided by the participants.

The carrying amount of accounts receivable is as follows:

Current	\$ 572,967
Overdue < 30 days	92,502
Overdue 31 – 60 days	45,747
Overdue 61 – 120 days	<u>85,618</u>
Total	<u>\$ 796,834</u>

The Organization continuously monitors the creditworthiness of customers and an allowance for doubtful accounts receivable is established if necessary, for potential credit losses based upon management's assessment of the expected collectability of all accounts receivable. In making its assessment, management takes into consideration any circumstances regarding a customer's inability to meet its financial obligations. The Organization has determined that it generally does not have collection risk on its accounts receivable because of the nature of its major customer who is the City of New York.

NOTE 9 - CONTRACTS ADVANCES PAYABLE

Contract work with the city of New York through the Department of Youth and Community Development (DYCD) is administered on the city's June 30th fiscal year end. Due to timing, the Organization receives payments in advance. Contracts advances payable consists of advances issued to the Organization by DYCD on the gross contract value. The Organization received \$525,119 for the year ended December 31, 2019.

NOTE 10 - 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 \$102,959 for the year ended December 31, 2019.

NOTE 11 - 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 was \$32,066 for the year ended December 31, 2019.

ASSOCIATION OF COMMUNITY EMPLOYMENT
PROGRAMS FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 12 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 26, 2020, 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.