

*Financial Statements*

The LGBT Community Center  
of the Desert

June 30, 2014 and 2013

**Maryanov Madsen Gordon & Campbell**  
CERTIFIED PUBLIC ACCOUNTANTS - A Professional Corporation

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
The LGBT Community Center of the Desert  
Palm Springs, California

We have audited the accompanying financial statements of The LGBT Community Center of the Desert (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities 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.

**Auditors' 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.

To the Board of Directors  
The LGBT Community Center of the Desert  
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### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The LGBT Community Center of the Desert as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on pages 13 and 14 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Maryanne Maden Gordon & Campbell*

Palm Springs, California  
March 5, 2015

THE LGBT COMMUNITY CENTER OF THE DESERT

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 167,614	\$ 169,706
Receivables	5,414	7,931
Prepaid expense	1,109	-
Deposits	<u>4,950</u>	<u>4,950</u>
Total current assets	<u>179,087</u>	<u>182,587</u>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	52,497	52,497
Leasehold improvements	<u>24,589</u>	<u>24,589</u>
	77,086	77,086
Less accumulated depreciation	<u>58,510</u>	<u>45,988</u>
Total property and equipment, net	<u>18,576</u>	<u>31,098</u>
<b>TOTAL ASSETS</b>	<u>\$ 197,663</u>	<u>\$ 213,685</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,882	\$ 7,447
Accrued payroll	<u>12,207</u>	<u>17,924</u>
Total current liabilities	<u>16,089</u>	<u>25,371</u>
<b>NET ASSETS</b>		
Unrestricted	81,313	141,090
Temporarily restricted	<u>100,261</u>	<u>47,224</u>
Total net assets	<u>181,574</u>	<u>188,314</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 197,663</u>	<u>\$ 213,685</u>

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

THE LGBT COMMUNITY CENTER OF THE DESERT

STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2014 AND 2013

UNRESTRICTED NET ASSETS	<u>2014</u>	<u>2013</u>
<b>SUPPORT AND REVENUES</b>		
Contributions	\$ 199,140	\$ 248,412
Grants	116,117	20,400
Memberships	46,870	38,535
Program income	124,789	59,862
Special events	<u>278,515</u>	<u>244,858</u>
Total support and revenues	<u>765,431</u>	<u>612,067</u>
<b>EXPENSES</b>		
Program expense	456,058	352,333
General and administrative	209,141	219,183
Fundraising expense	<u>160,018</u>	<u>161,615</u>
Total expenses	<u>825,217</u>	<u>733,131</u>
<b>OTHER INCOME</b>		
Interest	<u>9</u>	<u>143</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>(59,777)</u>	<u>(120,921)</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUES</b>		
Capital campaign	28,611	25,000
Grants	<u>60,000</u>	<u>257,828</u>
Total support and revenues	88,611	282,828
<b>EXPENSES</b>		
Program expense	<u>35,574</u>	<u>235,604</u>
<b>CHANGE IN TEMPORARILY RESTRICTED ASSETS</b>	<u>53,037</u>	<u>47,224</u>
<b>CHANGE IN NET ASSETS</b>	(6,740)	(73,697)
<b>NET ASSETS, beginning of year</b>	<u>188,314</u>	<u>262,011</u>
<b>NET ASSETS, end of year</b>	<u>\$ 181,574</u>	<u>\$ 188,314</u>

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

THE LGBT COMMUNITY CENTER OF THE DESERT

STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2014 AND 2013

CHANGE IN CASH AND CASH EQUIVALENTS	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from donors	\$ 827,948	\$ 624,182
Cash paid to suppliers and employees	(830,049)	(670,709)
Interest received	<u>9</u>	<u>143</u>
Net cash used by operating activities	<u>(2,092)</u>	<u>(46,384)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	<u>-</u>	<u>17</u>
Net decrease in cash	(2,092)	(46,367)
Cash at beginning of year	<u>169,706</u>	<u>216,073</u>
Cash at end of year	<u>\$ 167,614</u>	<u>\$ 169,706</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES:</b>		
Change in net assets	<u>\$ (6,740)</u>	<u>\$ (73,697)</u>
Adjustment to reconcile change in net assets to net cash used by operating activities:		
Depreciation	12,522	12,749
(Increase) decrease in assets:		
Receivables	2,517	12,115
Prepaid expense	(1,109)	-
Increase (decrease) in liabilities:		
Accounts payable	(3,565)	(2,550)
Accrued payroll	<u>(5,717)</u>	<u>4,999</u>
Total adjustments	<u>4,648</u>	<u>27,313</u>
Net cash used by operating activities	<u>\$ (2,092)</u>	<u>\$ (46,384)</u>

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

THE LGBT COMMUNITY CENTER OF THE DESERT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The LGBT Community Center of the Desert (the Center), a California nonprofit public benefit corporation, was formed on September 22, 2000, for the purpose of providing outreach services to the lesbian, gay, bisexual, and transgendered (LGBT) community in the Coachella Valley. The Center provides social and recreational opportunities as well as referral services and programs to assist members of the LGBT community in maintaining independence and self-sufficiency. The LGBT Community Center of the Desert revenues come primarily from grants and donations from individuals and foundations.

Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash Equivalents

For purposes of the statement of cash flows, the Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting its use to long-term purposes are not considered cash and cash equivalents for purposes of the statement of cash flows

Continued

THE LGBT COMMUNITY CENTER OF THE DESERT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Property and equipment are depreciated over their useful lives, ranging from 3 to 15 years.

Implementation of FSP FAS 117-1

In August 2008 the Financial Accounting Standards Board issued FASB Staff Position No. FAS 117-1 (FSP FAS 117-1), *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. FSP FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FSP FAS 117-1 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA. The State of California enacted UPMIFA effective December 15, 2008, the provisions of which apply to endowment funds existing on or established after that date. The Center has adopted FSP FAS 117-1 for the year ending June 30, 2009. The Board of Directors has determined that the majority of the Organization's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

Continued



THE LGBT COMMUNITY CENTER OF THE DESERT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description of Funds

General Operating Fund

The General Operating Fund is used to account for those financial transactions that are not required to be accounted for in any other fund. In addition, this fund is used to account for unrestricted revenue and expenditures for general administration and overhead support of transactions that cannot be charged to other funds.

Board Designated Fund

The Board Designated Fund is used to account for funds that have been designated by the Board to support the initiatives of the Organization through programs in a specific geographic area.

Temporarily Restricted Fund

The Temporarily Restricted Fund is used to account for funds contributed with donor restrictions of a set period of time or specific purpose. When the restriction expires temporarily restricted funds are released to unrestricted net assets.

Endowment and Annuity Fund

The Endowment and Annuity Fund is used to account for monies contributed to the Organization for the general benefit of the Organization. Generally, only the income produced by the endowment may be expended.

Donated Services

A number of volunteers have donated approximately 7,200 hours to the Center's program service and fundraising campaigns during the year ended June 30, 2014. These donated services are not reflected in the financial statements as no objective basis is available to measure the value. Directors and officers also make substantial contributions of time and expertise.

Continued

THE LGBT COMMUNITY CENTER OF THE DESERT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of management estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state tax under Section 23701d of the California Revenue and Taxation Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Center believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Center's Forms 990, *Return of Organization Exempt from Income Tax* are subject to examination by the IRS, generally for 3 years after they were filed.

The Organization's Forms 199, *California Exempt Organization Annual Information Return* are subject to examination by the FTB, generally for 4 years after they were filed.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order to conform to the current year presentation.

Date of Management evaluation

Management has evaluated subsequent events through March 5, 2015, the date on which the financial statements were issued. No significant subsequent events were noted.

THE LGBT COMMUNITY CENTER OF THE DESERT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE 1: ADVERTISING

The Center uses advertising to promote its programs to the community it serves. The production costs are expensed the first time the advertising takes place. For the year ended June 30, 2014 and 2013, advertising costs were \$25,290 and \$41,765, respectively .

NOTE 2: OPERATING LEASES

The Center has an operating lease for a Sharp copier/printer/scanner that expires on September 21, 2015. The Center has the option, at the end of the lease of purchasing the copier at fair market value, renewing for a period of three years or canceling the lease. Lease payments began on September 21, 2012. Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2014 are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 2,748
2016	<u>687</u>
	<u>\$ 3,435</u>

THE LGBT COMMUNITY CENTER OF THE DESERT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE 3: DESCRIPTION OF FUNCTIONAL EXPENSES

Health & Wellness Programs

The Center offers many ongoing health and wellness programs for the LGBT community in the Coachella Valley. These programs includes health screenings, counseling and discussions on personal health.

Education & Social Programs

The Center offers ongoing educational and social programs for the the LGBT community in the Coachella Valley.

Membership Development

Encompasses the identification, cultivation, and expansion of the Center's membership as a primary effort to promote community awareness and interaction.

Management and General

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Center's program strategy; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Center; and manage the financial and budgetary responsibilities of the Center.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

THE LGBT COMMUNITY CENTER OF THE DESERT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE 4: FUND RESTRICTIONS

Temporarily restricted funds consisted of the following as of June 30:

	<u>2014</u>	<u>2013</u>
Capital campaign, beginning of year	\$ 25,000	\$ -
Donations	<u>28,611</u>	<u>25,000</u>
Capital campaign, end of year	53,611	25,000
HARC research grant, beginning of the year	22,224	-
Grants	-	62,224
Expense	<u>(22,224)</u>	<u>(40,000)</u>
HARC research grant, end of the year	-	22,224
Mental health fund, beginning of the year	-	-
Grants	45,000	-
Expense	<u>8,042</u>	<u>-</u>
Mental health fund, end of the year	<u>36,958</u>	<u>-</u>
SAGE Works grant, beginning of the year	-	-
Grants	15,000	-
Expense	<u>(5,308)</u>	<u>-</u>
SAGE Works grant, end of the year	<u>9,692</u>	<u>-</u>
Temporarily restricted assets, end of year	<u>\$ 100,261</u>	<u>\$ 47,224</u>

THE LGBT COMMUNITY CENTER OF THE DESERT

SCHEDULE OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2014

	<u>Program</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Expenses				
Accounting	\$ -	\$ 45,799	\$ -	\$ 45,799
Depreciation	11,395	1,127	-	12,522
Dues and subscriptions	6,941	-	-	6,941
Equipment and maintenance	11,928	3,976	-	15,904
Event expense	-	-	152,967	152,967
Insurance	18,346	6,115	-	24,461
Internet	-	294	-	294
Janitorial	-	2,122	-	2,122
Miscellaneous	14,746	3,992	-	18,738
Office expense	43,769	14,590	-	58,359
Payroll taxes	24,988	8,329	-	33,317
Postage and printing	3,132	1,044	-	4,176
Professional services	19,652	7,759	7,051	34,462
Publications	-	22,570	-	22,570
Rent	54,830	6,092	-	60,922
Salaries and wages	245,800	81,933	-	327,733
Supplies	15,105	-	-	15,105
Taxes and licenses	-	94	-	94
Telephone	7,002	1,750	-	8,752
Utilities	13,998	1,555	-	15,553
	<u>491,632</u>	<u>209,141</u>	<u>160,018</u>	<u>860,791</u>
Total expenses	<u>\$ 491,632</u>	<u>\$ 209,141</u>	<u>\$ 160,018</u>	<u>\$ 860,791</u>

THE LGBT COMMUNITY CENTER OF THE DESERT

SCHEDULE OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2013

	<u>Program</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Expenses				
Accounting	\$ -	\$ 35,957	\$ -	\$ 35,957
Depreciation	11,602	1,147	-	12,749
Dues and subscriptions	2,322	-	-	2,322
Equipment and maintenance	9,791	3,264	-	13,055
Event expense	-	-	155,965	155,965
Insurance	26,597	8,866	-	35,463
Internet	-	227	-	227
Miscellaneous	6,957	-	-	6,957
Office expense	43,838	14,613	-	58,451
Payroll taxes	25,105	8,368	-	33,473
Postage and printing	2,663	888	-	3,551
Professional services	51,790	6,955	5,650	64,395
Publications	-	33,565	-	33,565
Rent	50,554	5,617	-	56,171
Salaries and wages	284,543	94,848	-	379,391
Supplies	53,679	-	-	53,679
Taxes and licenses	-	244	-	244
Telephone	4,651	3,086	-	7,737
Utilities	13,845	1,538	-	15,383
	<u>13,845</u>	<u>1,538</u>	<u>-</u>	<u>15,383</u>
Total expenses	<u>\$ 587,937</u>	<u>\$ 219,183</u>	<u>\$ 161,615</u>	<u>\$ 968,735</u>