

*Financial Statements*

**The LGBT Center of Palm Springs**

June 30, 2012 and 2011

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

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of The LGBT Center of Palm Springs (a nonprofit organization) as of June 30, 2012 and 2011, and the related statement of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The LGBT Center of Palm Springs as of June 30, 2012 and 2011, 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.

*Maryanov Madsen Gordon & Campbell*

Palm Springs, California  
June 24, 2013

THE LGBT CENTER OF PALM SPRINGS

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 216,073	\$ 60,815
Receivables	20,046	897
Short-term investments	17	103,135
Prepaid expense	-	17,856
Deposits	<u>4,950</u>	<u>4,950</u>
Total current assets	<u>241,086</u>	<u>187,653</u>
<b>EQUIPMENT AND LEASEHOLD IMPROVEMENTS</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>33,239</u>	<u>20,489</u>
Total equipment and leasehold improvements	<u>43,847</u>	<u>56,597</u>
	<u>\$ 284,933</u>	<u>\$ 244,250</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 9,997	\$ 10,903
Accrued payroll	<u>12,925</u>	<u>8,524</u>
Total current liabilities	<u>22,922</u>	<u>19,427</u>
<b>NET ASSETS</b>		
Unrestricted	262,011	215,903
Temporarily restricted	<u>-</u>	<u>8,920</u>
Total net assets	<u>262,011</u>	<u>224,823</u>
	<u>\$ 284,933</u>	<u>\$ 244,250</u>

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

THE LGBT CENTER OF PALM SPRINGS

STATEMENTS OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012 AND 2011

UNRESTRICTED NET ASSETS	<u>2012</u>	<u>2011</u>
<b>SUPPORT AND REVENUES</b>		
Contributions	\$ 182,910	\$ 102,636
Grants	12,500	13,900
Memberships	41,075	57,730
Program income	69,788	77,347
Special events	158,017	125,501
Net assets released from restrictions	<u>-</u>	<u>4,097</u>
Total revenues	<u>464,290</u>	<u>381,211</u>
<b>EXPENSES</b>		
Program expense	139,262	310,705
General and administrative	195,637	138,676
Fundraising expense	<u>87,321</u>	<u>92,895</u>
Total expenses	<u>422,220</u>	<u>\$ 542,276</u>
<b>OTHER INCOME</b>		
Interest	9,090	27,441
Loss on disposal of assets	<u>(5,052)</u>	<u>(66)</u>
Total other income	<u>4,038</u>	<u>27,375</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>46,108</u>	<u>(133,690)</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUES</b>		
Grants	322,720	75,578
<b>EXPENSES</b>		
Program expense	331,640	43,864
General and administrative expense	<u>-</u>	<u>27,298</u>
Total expenses	<u>331,640</u>	<u>71,162</u>
<b>CHANGE IN TEMPORARILY RESTRICTED ASSETS</b>	<u>(8,920)</u>	<u>4,416</u>
<b>CHANGE IN NET ASSETS</b>	37,188	(129,274)
<b>NET ASSETS, beginning of year</b>	<u>224,823</u>	<u>354,097</u>
<b>NET ASSETS, end of year</b>	<u>\$ 262,011</u>	<u>\$ 224,823</u>

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

THE LGBT CENTER OF PALM SPRINGS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2012

	<u>Program</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
<b>Expenses</b>				
Accounting	\$ -	\$ 32,365	\$ -	\$ 32,365
Depreciation	11,603	1,147	-	12,750
Dues and subscriptions	786	-	-	786
Equipment and maintenance	17,182	5,727	-	22,909
Event expense	-	-	79,133	79,133
Insurance	22,549	7,516	-	30,065
Miscellaneous	6,284	-	-	6,284
Office expense	29,804	9,935	-	39,739
Payroll taxes	19,568	6,523	-	26,091
Postage and printing	1,515	505	-	2,020
Professional services	13,583	6,810	8,188	28,581
Publications	-	42,402	-	42,402
Rent	48,789	5,421	-	54,210
Salaries and wages	221,394	73,798	-	295,192
Supplies	59,160	-	-	59,160
Taxes and licenses	-	713	-	713
Telephone	5,027	1,257	-	6,284
Utilities	13,658	1,518	-	15,176
	<u>13,658</u>	<u>1,518</u>	<u>-</u>	<u>15,176</u>
<b>Total expenses</b>	<u>\$ 470,902</u>	<u>\$ 195,637</u>	<u>\$ 87,321</u>	<u>\$ 753,860</u>

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

THE LGBT CENTER OF PALM SPRINGS  
 STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED JUNE 30, 2011

	<u>Program</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
<b>Expenses</b>				
Accounting	\$ -	\$ 26,449	\$ -	\$ 26,449
Depreciation	6,905	656	-	7,561
Equipment and maintenance	8,069	2,690	-	10,759
Event expense	-	-	70,307	70,307
Insurance	5,688	1,896	-	7,584
Office expense	34,994	11,664	-	46,658
Payroll taxes	12,484	8,464	-	20,948
Postage and printing	3,515	1,171	-	4,686
Professional services	16,137	17,679	19,832	53,648
Publications	-	29,918	2,756	32,674
Rent	39,833	4,426	-	44,259
Salaries and wages	163,915	54,949	-	218,864
Supplies	44,645	-	-	44,645
Taxes and licenses	-	3,190	-	3,190
Telephone	5,611	1,403	-	7,014
Utilities	12,773	1,419	-	14,192
	<u>12,773</u>	<u>1,419</u>	<u>-</u>	<u>14,192</u>
<b>Total expenses</b>	<b><u>\$ 354,569</u></b>	<b><u>\$ 165,974</u></b>	<b><u>\$ 92,895</u></b>	<b><u>\$ 613,438</u></b>

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

THE LGBT CENTER OF PALM SPRINGS

STATEMENTS OF CASH FLOWS  
YEAR ENDED JUNE 30, 2012 AND 2011

CHANGE IN CASH AND CASH EQUIVALENTS	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from donors	\$ 767,861	\$ 453,886
Cash paid to suppliers and employees	(719,759)	(609,151)
Interest received	<u>9,090</u>	<u>27,441</u>
Net cash provided (used) by operating activities	<u>57,192</u>	<u>(127,824)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	-	(61,812)
Purchase of investments	-	(264,000)
Proceeds from sale of investments	<u>98,066</u>	<u>161,221</u>
Net cash provided (used) by investing activities	<u>98,066</u>	<u>(164,591)</u>
Net increase (decrease) in cash	155,258	(292,415)
Cash at beginning of year	<u>60,815</u>	<u>353,230</u>
Cash at end of year	<u>\$ 216,073</u>	<u>\$ 60,815</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 37,188	\$ (129,274)
<b>Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:</b>		
Depreciation	12,750	7,561
Loss on disposal of asset	5,052	66
(Increase) decrease in assets:		
Receivables	(19,149)	(895)
Prepaid expense	17,856	(7,652)
Deposits	-	(2,350)
Increase (decrease) in liabilities:		
Accounts payable	(906)	4,181
Accrued payroll	4,401	2,549
Deferred revenue	<u>-</u>	<u>(2,010)</u>
Total adjustments	<u>20,004</u>	<u>1,450</u>
Net cash provided (used) by operating activities	<u>\$ 57,192</u>	<u>\$ (127,824)</u>

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

THE LGBT CENTER OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The LGBT Center of Palm Springs (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 Center of Palm Springs 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.

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.

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THE LGBT CENTER OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

Income from ticket sales and sponsorships of special events are deferred and recognized in the period in which the event occurs.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

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, 2012. 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.

Expense Allocation

The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Center'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)(1).

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THE LGBT CENTER OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 June 24, 2013, the date on which the financial statements were issued. No significant subsequent events were noted.

NOTE 1: ADVERTISING

The Center uses advertising to promote its programs to the community it serves. The production costs are expensed as incurred. For the year ended June 30, 2012 and 2011, advertising costs were \$42,402 and \$32,674, respectively .

NOTE 2: OPERATING LEASES

The Center has an operating lease for a Sharp copier/printer/scanner that expires on September 21, 2012. 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, 2009.

THE LGBT CENTER OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011

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.