



Center Responds to Recent Media Reports

March 10, 2010

Dear Friends,

The San Francisco LGBT Community Center serves over 9,000 people each month and hosts over 3,000 programs and workshops each year; we pilot groundbreaking programs, serve LGBT community members most in need, and provide information and referral services to link community members to critical services.

What we are not is in foreclosure – nor are we asking the City for a \$1 million bailout.

For the last 24 months, we have been diligently working on a number of strategic financial initiatives to reduce expenses and increase revenue.

- Two years ago we began a program to cut costs and have been successful at cutting a total of \$300,000 a year from the annual budget of \$2.1 million. While those expense reductions have been difficult, they have been strategic, allowing us to preserve our core services and programs.
- We have also been pursuing strategies to increase our revenue. We are working on the permitting process to allow more commercial use of the Center, which would increase our revenue by over \$120,000/year. We are expanding the board of directors; in the past seven months we have welcomed six new board members to a board that is fully engaged in activities to strengthen our financial base. Finally, we received grant funds to expand our development team and allow us to focus on further developing our individual giving program.

These efforts are being successful. We ended last year with less than a \$6,000 operating loss, against revenues of \$2.1 million. This year we are on track to have another break-even year. This is no small feat when non-profits and for-profits are reporting record losses throughout the country.

Media coverage of the Center has focused on these efforts, but most recently there was a significant misrepresentation of the facts and our situation.

We do have \$3.2 million in outstanding debt related to the construction of the building, which has been carried in a loan with First Republic Bank. After almost a year of very difficult bargaining, we have achieved a loan modification that financially benefits the Center. This includes a reduction our interest rate, which will save \$200,000 over the

next five years, and a modification of principle payments to help cash flow. The bank is requiring that we create a reserve account, with a balance of \$157,500 – reserves which we do not have. The City have been involved in the discussions from the beginning and Supervisors Bevan Dufty and David Campos are sponsoring legislation to provide a loan from the City to the Center. This is a loan and not a grant. It is also \$157,500 – not over \$1 million as is reported in some sources.

Our confidence about the future of the Center and our ability to meet the loan rests on the financial restructuring initiatives described above and on historic performance.

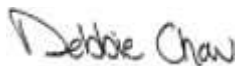
Over the past six years, we have paid First Republic Bank over \$1.5 million in interest and principle payments. As of last May, when we began the negotiations, we had never missed or been late with a payment. We are currently in compliance with the bank’s payment schedule during the negotiation period. This year we have already paid over \$100,000 in interest.

The work of the Center has been successful due to the commitment of many in our community. Our board of directors and community partners bring tremendous leadership and vision about how to ensure the long term success of the Center. The staff and volunteers work daily to provide critical programs and services, ensuring that folks most in need continue to have access to our youth meal nights, job services for the transgender community, HIV prevention, and connection to the critical safety net services offered by the Center and our many collaborative partners.

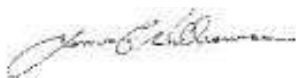
Most importantly, we could not achieve this success without all of you who donate, volunteer, attend events, visit, and come together to make the Center a true home for the LGBT community and our allies.

We will keep you updated as we move forward in our strategic efforts to strengthen the foundation of the Center and ensure that we continue to be here, creating community for the generations to come.

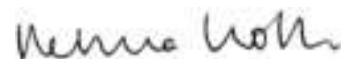
Sincerely,



Debbie Chaw
Co-Chair
Board of Directors



James Williamson
Co-Chair
Board of Directors



Rebecca Rolfe
Executive Director