
The San Francisco Lesbian Gay Bisexual Transgender Community Center

FINANCIAL STATEMENTS

June 30, 2014

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2013)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

The San Francisco Lesbian Gay Bisexual Transgender Community Center

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INDEPENDENT AUDITORS' REPORT

Board of Directors

The San Francisco Lesbian Gay Bisexual Transgender Community Center
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of The San Francisco Lesbian Gay Bisexual Transgender Community Center, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, cash flows and functional expenses 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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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.

Opinion

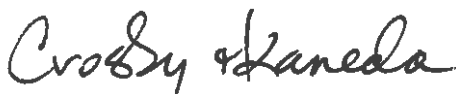
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The San Francisco Lesbian Gay Bisexual Transgender Community Center as of June 30, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The San Francisco Lesbian Gay Bisexual Transgender Community Center's June 30, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 18, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated April 8, 2015 on our consideration of The San Francisco Lesbian Gay Bisexual Transgender Community Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



Certified Public Accountants

Oakland, California

April 8, 2015

The San Francisco Lesbian Gay Bisexual Transgender Community Center

**Statement of Financial Position
June 30, 2014
(With Comparative Totals as of June 30, 2013)**

	2014	2013
Assets		
Current Assets		
Cash	\$ 66,869	\$ 17,560
Accounts receivable	9,167	7,192
Grants receivable	177,919	120,931
Pledges receivable, net (Note 3)	11,370	22,767
Prepaid expenses	12,011	2,488
Total Current Assets	277,336	170,938
Property and equipment, net (Note 4)	9,137,012	9,462,692
Other assets	15,350	17,155
Total Assets	\$ 9,429,698	\$ 9,650,785
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 133,501	\$ 132,018
Accrued vacation	49,961	45,643
Rental deposits	13,928	12,985
Deferred revenue	22,652	-
Conditional grants (Note 5)	14,000	14,000
Short term loans (Note 6)	45,000	77,500
Long term debt - current portion (Note 7)	3,006,947	78,750
Total Current Liabilities	3,285,989	360,896
Long term debt (Note 7)	142,994	3,149,941
Total Liabilities	3,428,983	3,510,837
Commitments and Contingencies (Notes 8 and 9)		
Net Assets		
Unrestricted		
Board designated reserve	35,000	35,000
Undesignated	5,932,630	6,071,298
Total Unrestricted	5,967,630	6,106,298
Temporarily restricted (Note 10)	33,085	33,650
Total Net Assets	6,000,715	6,139,948
Total Liabilities and Net Assets	\$ 9,429,698	\$ 9,650,785

See Notes to the Financial Statements

The San Francisco Lesbian Gay Bisexual Transgender Community Center

Statement of Activities
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

	Unrestricted	Temporarily Restricted	Total	
			2014	2013
Support and Revenue:				
Support				
Government grants	\$ 1,016,072	\$ -	\$ 1,016,072	\$ 663,049
Foundation and corporate grants	225,081	173,463	398,544	470,496
Donations	245,985	-	245,985	181,503
Fundraising events, net (Note 13)	209,642	-	209,642	189,263
In-kind support (Note 12)	15,000	-	15,000	-
Total Support	<u>1,711,780</u>	<u>173,463</u>	<u>1,885,243</u>	<u>1,504,311</u>
Revenue				
Rental payments	222,776	-	222,776	193,627
Program revenue	41,824	-	41,824	27,723
Interest	688	-	688	27
Miscellaneous	4,005	-	4,005	301
Total Revenue	<u>269,293</u>	<u>-</u>	<u>269,293</u>	<u>221,678</u>
Net assets released from temporary donor restriction (Note 10)	<u>174,028</u>	<u>(174,028)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>2,155,101</u>	<u>(565)</u>	<u>2,154,536</u>	<u>1,725,989</u>
Expenses:				
Program	1,484,979	-	1,484,979	1,441,131
General and administration	127,202	-	127,202	97,740
Fundraising	324,688	-	324,688	308,798
Total Expenses	<u>1,936,869</u>	<u>-</u>	<u>1,936,869</u>	<u>1,847,669</u>
Change in net assets before depreciation	<u>218,232</u>	<u>(565)</u>	<u>217,667</u>	<u>(121,680)</u>
Depreciation expense	<u>356,900</u>	<u>-</u>	<u>356,900</u>	<u>355,463</u>
Change in net assets	<u>(138,668)</u>	<u>(565)</u>	<u>(139,233)</u>	<u>(477,143)</u>
Net Assets, beginning of year	<u>6,106,298</u>	<u>33,650</u>	<u>6,139,948</u>	<u>6,617,091</u>
Net Assets, end of year	<u>\$ 5,967,630</u>	<u>\$ 33,085</u>	<u>\$ 6,000,715</u>	<u>\$ 6,139,948</u>

See Notes to the Financial Statements

The San Francisco Lesbian Gay Bisexual Transgender Community Center

Statement of Cash Flows
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

	2014	2013
Cash flows from operating activities:		
Change in net assets	\$ (139,233)	\$ (477,143)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	356,900	355,463
Changes in assets and liabilities:		
Accounts receivable	(1,975)	(3,368)
Grants receivable	(56,988)	(25,609)
Pledges receivable	11,397	35,398
Prepaid expenses	(9,523)	11,999
Other assets	1,805	(9,926)
Accounts payable	1,483	29,201
Accrued vacation	4,318	(1,581)
Rental deposits	943	1,748
Deferred revenue	22,652	-
Accrued interest	-	(13,125)
Conditional grant	-	(17,333)
Net cash provided (used) by operating activities	191,779	(114,276)
Cash flows from investing activities:		
Purchase of fixed assets/improvements	(31,220)	(15,656)
Net cash used by investing activities	(31,220)	(15,656)
Cash flows from financing activities:		
Proceeds from short term borrowing	91,000	98,400
Repayments of short term borrowing	(123,500)	(50,900)
Repayments on long term borrowing	(78,750)	(78,750)
Net cash used by financing activities	(111,250)	(31,250)
Net change in cash	49,309	(161,182)
Cash, beginning of year	17,560	178,742
Cash, end of year	\$ 66,869	\$ 17,560
Supplemental information:		
Interest paid	\$ 156,640	\$ 159,111

See Notes to the Financial Statements

The San Francisco Lesbian Gay Bisexual Transgender Community Center

Statement of Functional Expenses
For the Year Ended June 30, 2014

(With Comparative Totals for the Year Ended June 30, 2013)

	Program				Fundraising	Total	
	Economic Development	Community Program	Facilities and Building	Total Program		2014	2013
Salaries	\$ 368,877	\$ 269,535	\$ 201,861	\$ 840,273	\$ 183,056	\$ 1,097,072	\$ 1,086,725
Employee benefits	31,981	15,812	28,056	75,849	15,713	98,234	102,743
Payroll taxes	33,426	21,100	18,471	72,997	16,649	95,692	95,968
Total Personnel	434,284	306,447	248,388	989,119	215,418	1,290,998	1,285,436
Accounting	9,720	60,693	23,177	93,590	43,841	9,500	8,700
Other professional services	8,376	33,050	10,939	52,365	11,509	146,839	75,241
Supplies	4,966	5,769	12,597	23,332	2,036	64,514	78,970
Telephone	137	106	86	329	2,057	2,410	27,775
Postage			80,383	80,383	1,400	82,359	5,061
Occupancy	11,787	7,263	8,356	27,406	5,613	34,989	80,594
Equipment rental and maintenance	2,015	1,053	1,264	4,332	2,462	34,989	26,390
Printing and publications	2,118	1,337	135	3,590	317	6,920	9,224
Travel and meals			152,816	152,816		4,081	3,401
Interest	34,247			34,247		156,640	159,111
Subcontracts	4,556	2,815	10,578	17,949	1,868	34,247	34,042
Insurance	63	528	1,756	2,347	3,577	22,245	25,686
Dues, licenses and service fees	308	579	105	992	69	17,029	8,327
Conferences, conventions, meetings	2,128	54		2,182	40	1,166	910
Advertising and promotion						2,222	2,411
Direct mail and donor cultivation					34,481	34,481	16,390
Total Expenses	\$ 514,705	\$ 419,694	\$ 550,580	\$ 1,484,979	\$ 324,688	\$ 1,936,869	\$ 1,847,669

See Notes to the Financial Statements

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

Notes to the Financial Statements
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

NOTE 1: NATURE OF ACTIVITIES

The San Francisco Lesbian Gay Bisexual Transgender Community Center (the Organization) opened its doors in the spring of 2002 and serves as the social, cultural and civic center for the Bay Area's lesbian, gay, bisexual and transgender (LGBT) communities. The Organization's programs include:

- **Economic Development** assists LGBT jobseekers in finding safe and secure living-wage employment, help LGBT-run businesses grow, increase LGBT community financial assets, and eliminate barriers to transgender economic success.
- **Community Programs** include a robust Information and Referral program serving visitors with information and referrals which include mental health services, sexual and/or domestic abuse, HIV/AIDS or general health/health access. Additional programs include:
 - **Transitional Age Youth** Youth who are primarily homeless receive leadership development, job training, queer youth prom, and for marginally housed youth, free meals.
 - **Community and Policy Initiatives** empower community members and respond to important emerging community and policy issues such as marriage equality and employment protection. These programs are conceived, designed and implemented for and by community members, and are supported by Center staff.
 - **Arts and Culture** hosts art exhibits and collaborative programs to increase the visibility of LGBT artists and public access to cultural activities.
- **Building Facilities** Our solar powered state-of-the-art facility is open six days a week. We provide office and program space for non-profit organizations and host events each month ranging from 12-step meetings to town halls to readings and lectures. The Cyber Center provides free computer access.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

Notes to the Financial Statements
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

Temporarily restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of June 30, 2014.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of June 30, 2014 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Notes to the Financial Statements
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

Accounts and Grants Receivable

The Organization considers all accounts and grants receivable to be fully collectible at June 30, 2014. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The Organization had no assets or liabilities recorded at fair value on June 30, 2014.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$1,000 and improvements to property over \$5,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Building	40 years
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THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

Notes to the Financial Statements
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

Improvements	5-40 years
Furniture and equipment	3-5 years
Software	3-5 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

Deferred Revenue

Deferred revenue represents the unearned portion of government funding received in advance.

Functional Allocation of Expenses

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

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent events

The Organization has evaluated subsequent events and has concluded that as of April 8, 2015 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose other than the information below.

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

Notes to the Financial Statements
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

NOTE 3: PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of June 30:

	<u>2014</u>	<u>2013</u>
Total pledges receivable	\$ 22,113	\$ 33,607
Less allowance for doubtful accounts	<u>(10,743)</u>	<u>(10,840)</u>
Pledges receivable, net	<u>\$ 11,370</u>	<u>\$ 22,767</u>

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Furniture and equipment	\$ 363,998	\$ 363,998
Computers and software	250,997	249,726
Building and leasehold improvements	13,210,714	13,180,764
Land	220,000	220,000
Less: accumulated depreciation	<u>(4,908,697)</u>	<u>(4,551,796)</u>
Total	<u>\$ 9,137,012</u>	<u>\$ 9,462,692</u>

NOTE 5: CONDITIONAL GRANTS

The Organization was the recipient of grants conditioned on certain operating results of the Organization or donor waiver. The remaining balance of such conditional grants was \$14,000 as of June 30, 2014.

NOTE 6: SHORT TERM LOANS

Short term loans consisted of \$45,000 and \$77,500 as of June 30, 2014 and 2013 respectively. These unsecured loans are from board and community members and mature through June 30, 2015. These loans bear no interest. Management has evaluated the donative component of these loans and has determined donated amounts are not material for financial statement presentation.

NOTE 7: LONG TERM DEBT

The Organization's long term debt consists of the following as of June 30, 2014:

Promissory note with the City and County of San Francisco (the City) secured by property at 1800 Market Street, San Francisco. The outstanding principal will bear a variable interest rate based on the monies the City earns in its Pooled Investment Fund commencing on the date of the disbursement of funds through the date of full payment. Monthly payments of principal and interest will be amortized over a five year period commencing January 1, 2016 and continue until December 31, 2020. \$ 157,500

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

Notes to the Financial Statements
 For the Year Ended June 30, 2014
 (With Comparative Totals for the Year Ended June 30, 2013)

Mortgage loan payable with Bank of America secured by the property at 1800 Market Street, San Francisco bearing interest at 5% per annum. Beginning May 1, 2009 through June 30, 2015, 5% interest only payments will be paid monthly, with annual principal reduction payments of \$78,750 due July 1, 2012, July 1, 2013, and July 1, 2014. The remaining principal and all accrued and unpaid interest is due on June 30, 2015.	2,992,441
Less current portion	<u>(3,006,947)</u>
Long term portion of notes payable	<u>\$ 142,994</u>

The future scheduled maturities of long-term debt are as follows for the years ending June 30:

2015	\$ 3,006,947
2016	31,082
2017	31,495
2018	31,913
2019	32,336
Thereafter	<u>16,168</u>
Total	<u>\$ 3,149,941</u>

NOTE 8: COMMITMENTS

Tenant leases

The Organization leases space to mission aligned nonprofit organizations. Future minimum lease commitments from such tenants are as follows for the years ending June 30:

2015	\$ 27,243
2016	<u>13,284</u>
Total	<u>\$ 40,527</u>

Copier leases

The Organization leases digital copiers under operating lease agreements through June 2019. Future minimum operating lease payments were as follows for the years ending June 30:

2015	\$ 16,788
2016	16,788
2017	16,788
2018	16,788
2019	<u>16,788</u>
Total	<u>\$ 83,940</u>

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

Notes to the Financial Statements
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

NOTE 9: CONTINGENCIES

Compliance with Donor Restrictions

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

Reserve Account

As part of a loan modification agreement with Bank of America (the Bank), the Organization shall maintain a designated and controlled interest bearing reserve account with the Bank into which funds, to be provided by a loan from the City and County of San Francisco, shall be deposited. As of June 30, 2014, \$16,926 was in the reserve account.

Facility Grant

The Organization received certain funds to support the purchase and constructions of its facility. These funds are contingent on certain facility use restrictions. The Organization's management is of the opinion that the Organization has complied with the terms of this condition. This condition expires December 2036.

NOTE 10: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were as follows as of June 30:

	<u>2014</u>	<u>2013</u>
Homeowner and Financial Services	\$ 23,048	\$ -
LGBT Transitional Age Youth Services	-	12,883
CyberCenter	-	3,321
Sponsored Projects:		
Bay Area Lawyers for Individual Freedom	512	351
Pride Party	-	13,455
SFALI	8,599	-
Atomosqueers	926	-
LGBT Speaker's Bureau	-	<u>3,640</u>
Total	<u>\$ 33,085</u>	<u>\$ 33,650</u>

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows:

	<u>2014</u>	<u>2013</u>
Employment Services	\$ 15,000	\$ 45,000
Economic Development	45,000	16,000
Homeowner and Financial Services	5,237	35,367
Transgender Employment Services	-	6,048
Transcode Employment Services	-	5,406

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

Notes to the Financial Statements
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

Information and Referral	-	35,492
Arts and Culture	7,500	7,650
Capacity Building	-	15,000
LGBT Transitional Age Youth Services	22,883	21,715
CyberCenter	3,321	46,679
LGBT Youth and Family	-	29,479
Sponsored Projects:		
Bay Area Lawyers for Individual Freedom	1,839	3,443
Pride Party	60,055	31,545
LGBT Speaker's Bureau	3,640	10,473
SFALI	8,659	-
Atmosqueers	894	-
Total	<u>\$ 174,028</u>	<u>\$ 309,297</u>

NOTE 11: CONCENTRATIONS

Grants receivable

The Organization receives a portion of its support from federal, state, and local government sources. Approximately 48% of the Organization's outstanding grants receivable related to such funding as of June 30, 2014.

NOTE 12: IN-KIND SUPPORT

In-kind support for the year ended June 30, 2014 consisted of a donated piece of artwork valued at \$15,000.

The Organization also received approximately \$25,810 and \$18,460 in donated items for a fundraising auction for the years ended June 30, 2014 and 2013, respectively. The Organization valued these items based on the proceeds from the auction, and the value of the items is included in event income.

NOTE 13: FUNDRAISING EVENTS

The Organization held two special fundraising events during the year. Activity related to the events was as follows during the year ended June 30:

	<u>2014</u>	<u>2013</u>
Admission	\$ 50,751	\$ 43,085
Sponsorships and contributions	163,362	160,936
Sale of auction items	25,810	25,435
Less: Costs of direct donor benefit	<u>(30,281)</u>	<u>(40,193)</u>
Total	<u>\$ 209,642</u>	<u>\$ 189,263</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITORS' REPORT

Board of Directors
The San Francisco Lesbian Gay Bisexual Transgender Community Center
San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of The San Francisco Lesbian Gay Bisexual Transgender Community Center, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report dated April 8, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The San Francisco Lesbian Gay Bisexual Transgender Community Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The San Francisco Lesbian Gay Bisexual Transgender Community Center's internal control over financial reporting.

Accordingly, we do not express an opinion on the effectiveness of The San Francisco Lesbian Gay Bisexual Transgender Community Center's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The San Francisco Lesbian Gay Bisexual Transgender Community Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over compliance and the results of that testing, and do not provide an opinion on the effectiveness of the Organization's internal control or compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
Oakland, California
April 8, 2015