
The San Francisco Lesbian Gay Bisexual Transgender Community Center

FINANCIAL STATEMENTS

June 30, 2012

(With Comparative Totals for June 30, 2011)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations



The San Francisco Lesbian Gay Bisexual Transgender Community Center

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Dedicated to Nonprofit Organizations

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INDEPENDENT AUDITORS' REPORT

Board of Directors

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

We have audited the accompanying statement of financial position of The San Francisco Lesbian Gay Bisexual Transgender Community Center as of June 30, 2012, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of The San Francisco Lesbian Gay Bisexual Transgender Community Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from The San Francisco Lesbian Gay Bisexual Transgender Community Center's June 30, 2011 financial statements and in our report dated March 30, 2012 we expressed an unqualified opinion on those financial statements.

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 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 the 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 San Francisco Lesbian Gay Bisexual Transgender Community Center as of June 30, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2013, 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.

Adele Kaneda

Certified Public Accountants
Oakland, California
April 29, 2013

The San Francisco Lesbian Gay Bisexual Transgender Community Center

**Statement of Financial Position
June 30, 2012
(With Comparative Totals for June 30, 2011)**

	2012	2011
Assets		
Current Assets		
Cash	\$ 178,742	\$ 199,134
Accounts receivable	3,824	13,024
Grants receivable	95,322	120,161
Pledges receivable, net of \$2,052 allowance for doubtful accounts for 2012	58,165	92,560
Prepaid expenses	14,487	14,658
Total Current Assets	350,540	439,537
Property and equipment, net (Note 3)	9,802,499	10,091,397
Deposits	7,229	-
Total Assets	\$ 10,160,268	\$ 10,530,934
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 102,817	\$ 101,897
Accrued vacation	47,224	62,342
Accrued interest	13,125	231,327
Rental deposits	11,237	18,855
Short term loans (Note 4)	30,000	5,000
Conditional grant - current portion (Note 7)	17,333	14,000
Long term debt - current portion (Note 5)	78,750	10,274
Total Current Liabilities	300,486	443,695
Conditional grant-long term portion (Note 7)	14,000	28,000
Long term debt (Note 5)	3,228,691	3,149,941
Total Liabilities	3,543,177	3,621,636
Commitment and Contingencies (Notes 6 and 7)		
Net Assets		
Unrestricted		
Board designated	35,000	35,000
Undesignated	6,536,616	6,756,236
Total Unrestricted	6,571,616	6,791,236
Temporarily restricted (Note 8)	45,475	118,062
Total Net Assets	6,617,091	6,909,298
Total Liabilities and Net Assets	\$ 10,160,268	\$ 10,530,934

See Notes to the Financial Statements

The San Francisco Lesbian Gay Bisexual Transgender Community Center

**Statement of Activities
For the Year Ended June 30, 2012
(With Comparative Totals for the Year Ended June 30, 2011)**

			Total	
	Unrestricted	Temporarily Restricted	2012	2011
Support and Revenue:				
Support				
Government grants	\$ 676,242	\$	\$ 676,242	\$ 807,015
Foundation and corporate grants	198,796	225,458	424,254	319,152
Donations	196,281	5,100	201,381	255,582
Bequests	191,500		191,500	220,000
In kind support (Note 9)	49,832		49,832	69,935
Events				
Contributions	160,651			
Admissions	39,780			
Auction receipts (Note 9)	40,710			
Less: cost of direct benefits to donors	<u>(42,552)</u>			
Events, net of donor benefit	198,589		198,589	166,726
Total Support	<u>1,511,240</u>	<u>230,558</u>	<u>1,741,798</u>	<u>1,838,410</u>
Revenue				
Rental payments	195,792		195,792	171,870
Program revenue	19,740		19,740	7,522
Interest	26		26	-
Miscellaneous	5,201		5,201	5,373
Total Revenue	<u>220,759</u>	<u>-</u>	<u>220,759</u>	<u>184,765</u>
Net assets released from restrictions				
Temporarily restricted (Note 8)	303,145	(303,145)	-	-
Total Support and Revenue	<u>2,035,144</u>	<u>(72,587)</u>	<u>1,962,557</u>	<u>2,023,175</u>
Expenses:				
Program	1,478,975		1,478,975	1,433,196
General and administration	102,793		102,793	130,668
Fundraising	313,959		313,959	330,655
Total Expenses	<u>1,895,727</u>	<u>-</u>	<u>1,895,727</u>	<u>1,894,519</u>
Change in net assets before depreciation	<u>139,417</u>	<u>(72,587)</u>	<u>66,830</u>	<u>128,656</u>
Depreciation expense	<u>359,037</u>	<u>-</u>	<u>359,037</u>	<u>346,687</u>
Change in net assets	<u>(219,620)</u>	<u>(72,587)</u>	<u>(292,207)</u>	<u>(218,031)</u>
Net Assets, beginning of year	<u>6,791,236</u>	<u>118,062</u>	<u>6,909,298</u>	<u>7,127,329</u>
Net Assets, end of year	<u>\$ 6,571,616</u>	<u>\$ 45,475</u>	<u>\$ 6,617,091</u>	<u>\$ 6,909,298</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, 2012
(With Comparative Totals for the Year Ended June 30, 2011)**

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ (292,207)	\$ (218,031)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	359,037	346,687
Donated equipment	(21,799)	-
Changes in assets and liabilities:		
Accounts receivable	9,200	7,624
Grants receivable	24,839	6,188
Pledges receivable	34,395	(59,237)
Prepaid expenses	171	(1,236)
Deposits	(7,229)	1,262
Accounts payable	920	115,721
Accrued vacation	(15,118)	15,727
Conditional grant	(10,667)	(14,000)
Rental deposits	(7,618)	5,331
Net cash provided by operating activities	73,924	206,036
Cash flows from investing activities:		
Purchase of fixed assets/improvements	(48,340)	(25,697)
Net cash used by investing activities	(48,340)	(25,697)
Cash flows from financing activities:		
Proceeds from short term borrowing	51,000	-
Repayments of short term borrowing	(26,000)	(30,000)
Proceeds from long term borrowings	157,500	-
Repayments on long term borrowing	(10,274)	(14,105)
Payments on accrued interest	(218,202)	-
Net cash used by financing activities	(45,976)	(44,105)
Net change in cash	(20,392)	136,234
Cash, beginning of year	199,134	62,900
Cash, end of year	\$ 178,742	\$ 199,134
Supplemental information:		
Interest paid	\$ 176,053	\$ 162,048

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, 2012
(With Comparative Totals for the Year Ended June 30, 2011)

	Program			Facilities and Building		Total Program		General and Administration		Fundraising		Total	
	Economic Development	Community Program										2012	2011
Salaries	\$ 298,129	\$ 318,817	\$ 215,274	\$ 832,220	\$ 47,075	\$ 183,817	\$ 1,063,112	\$ 1,089,397					
Payroll taxes	26,000	27,737	18,739	72,476	7,076	17,042	96,594	93,190					
Employee benefits	23,622	28,068	30,709	82,399	6,489	12,965	101,853	96,399					
	<u>347,751</u>	<u>374,622</u>	<u>264,722</u>	<u>987,095</u>	<u>60,640</u>	<u>213,824</u>	<u>1,261,559</u>	<u>1,279,186</u>					
Accounting	13,260	20,346	1,791	35,397	8,000	-	8,000	8,000					
Other professional services	10,084	28,100	12,824	51,008	28,153	45,706	109,256	65,318					
Supplies	2,604	3,272	17,229	23,105	422	5,594	57,024	51,953					
Telephone	292	303	222	817	544	1,569	25,218	23,794					
Postage			109,428	109,428	57	2,141	3,015	5,172					
Occupancy	6,715	6,042	5,948	18,705	-	-	109,428	84,167					
Equipment rental and maintenance			4,533	4,533	1,402	5,074	25,181	25,174					
Bank fees	4,091	2,332	788	7,211	85	3,870	8,488	8,321					
Printing and publications	2,567	1,832		4,399	140	5,362	12,713	12,317					
Travel and meals					6	77	4,482	-					
Interest			173,682	173,682	2,371	-	176,053	162,048					
Subcontracts	39,187			39,187	-	-	39,187	69,934					
Insurance	3,781	3,199	11,122	18,102	789	2,260	21,151	23,471					
Dues, licenses, service fees	950	100	1,977	3,027	184	52	3,263	3,924					
Conferences, conventions, meetings	763			763	-	-	763	15,518					
Advertising and promotion	1,510	1,006		2,516	-	95	2,611	5,172					
Direct mail and donor cultivation					-	28,335	28,335	28,335					
Total Expenses	<u>\$ 433,555</u>	<u>\$ 441,154</u>	<u>\$ 604,266</u>	<u>\$ 1,478,975</u>	<u>\$ 102,793</u>	<u>\$ 313,959</u>	<u>\$ 1,895,727</u>	<u>\$ 1,894,519</u>					

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, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

NOTE 1: NATURE OF ACTIVITIES

The San Francisco Lesbian Gay Bisexual Transgender Community Center (the Center) 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 Center's programs include:

- *Economic Development:* small business development; workforce development and job readiness programs, programs on financial literacy, asset building and financial planning for LGBT individuals and families; and public policy advocacy on issues of community development and economic empowerment.
- *Community Development Programs:* information and referral services on health, legal, housing, cultural, social, and tourism resources in the San Francisco Bay Area; community organizing, events, and activities for the diverse LGBT communities; civic engagement and social programs. Additional programs include:
 - *Children, Youth and Families:* drop in and structured activities for LGBT queer and questioning youth ages 14-24; free drop in childcare while parents/guardians are on site; and programs for LGBT families offered through the LGBT Family Collaborative.
 - *Health & Wellness:* structured support services designed to reduce social isolation, decrease HIV and STD infection rates, and provide practical support services for LGBT community members newly arrived in San Francisco.
 - *Arts and Culture:* visual and performing arts exhibits and programs, cultural and social events.
- *Facilities and Building:* short term meeting and event space, office space for non-profit organizations, a Cyber Center, and a museum quality art gallery.

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, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

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, 2012.

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, 2012 and is not aware of any material uncertain tax positions for which a reserve would be necessary.

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.

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

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

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 for which fair value accounting is required as of June 30, 2012.

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; 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
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.

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

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.

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, 2011, 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.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2012</u>	<u>2011</u>
Furniture and equipment	\$ 362,427	\$ 362,427
Computers and software	249,726	189,172
Building and leasehold improvements	13,166,679	13,157,095
Land	220,000	220,000
Less: accumulated depreciation	<u>(4,196,333)</u>	<u>(3,837,297)</u>
Total	<u>\$ 9,802,499</u>	<u>\$ 10,091,397</u>

NOTE 4: SHORT TERM LOANS

Short term loans at June 30, 2012 consist of \$30,000 of interest free loans from former and current board members and community members.

NOTE 5: LONG TERM DEBT

The Center's long term debt consists of the following at June 30, 2012:

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	\$ 157,500
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THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

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.

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. This is a loan modification completed on January 27, 2012.

	3,149,941
Less current portion	<u>(78,750)</u>
Long term portion of notes payable	<u>\$ 3,228,691</u>

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

2013	\$ 78,750
2014	78,750
2015	78,750
2016	2,944,365
2017	31,082
Thereafter	<u>95,744</u>
Total	<u>\$ 3,307,441</u>

NOTE 6: COMMITMENT

Operating Lease

The Center leases digital copiers under operating lease agreements through January 2015. Future minimum operating lease payments were as follows for the years ending June 30:

2013	\$ 17,820
2014	17,820
2015	<u>10,395</u>
Total	<u>\$ 46,035</u>

NOTE 7: 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 Center deems this contingency remote since by accepting the grants and their terms, it

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

has accommodated the objectives of the Center to the provisions of the grants. The Center's management is of the opinion that the Center has complied with the terms of all grants.

Conditional Grant

The Center received various conditional gifts beginning in September, 2007 totaling 73,333. During the year ended June 30, 2012, \$14,000 was raised to meet grant conditions; \$31,333 remains for use after June 30, 2012.

Reserve Account

As part of a loan modification agreement with Bank of America (the Bank), the Center 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, 2012, \$131,123 was in the reserve account.

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2012</u>	<u>2011</u>
Financial Capacity Services	\$ 1,201	\$ -
Information and Referral Services	10,492	-
LGBT Youth in Schools	9,479	-
Sponsored Project: Bay Area Lawyers for Individual Freedom	794	-
Sponsored Project: LGBT Speaker's Bureau	13,613	13,101
Economic Development	-	17,234
Transgender Economic Empowerment Initiative	6,048	-
Employment Services	-	11,067
LGBT Technology Access	-	76,203
LGBT Transitional Age Youth Services	3,848	-
Sponsored Project: SF TEAM	<u>-</u>	<u>457</u>
Total	<u>\$ 45,475</u>	<u>\$ 118,062</u>

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

	<u>2012</u>	<u>2011</u>
Financial Capacity Services	\$ 32,132	\$ -
Information and Referral Services	54,508	-
LGBT Youth in Schools	10,521	-
Sponsored Project: Bay Area Lawyers for Individual Freedom	1,206	-
SNAP	2,500	14,434
Small Business Services	-	7,500
Employment Services	11,067	38,933
Economic Development	60,234	37,766
Transgender Economic Empowerment Initiative	13,952	4,999
Capacity Building	15,000	15,000

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

Arts and Culture	10,000	15,000
Sponsored Project: LGBT Speaker's Bureau	8,213	7,117
LGBT Technology Access	76,203	23,797
LGBT Transitional Age Youth Services	7,152	11,000
Sponsored Project: SF TEAM	<u>457</u>	<u>- 400</u>
Total	<u>\$ 303,145</u>	<u>\$ 175,946</u>

NOTE 9: IN KIND SUPPORT

For the year ended June 30, 2012, the Center received in kind support valued at the following:

Capital equipment	\$ 21,799
Legal services	<u>28,033</u>
Total	<u>\$ 49,832</u>

In addition, the Center received \$38,375 and \$69,935 in donated items for a fundraising auction for the years ended June 30, 2012 and 2011, respectively. The Center valued these items based on the proceeds from the auction.

NOTE 10: SUBSEQUENT EVENT

Subsequent to June 30, 2012, the Center received interest free loans from former and current board members totaling \$95,000. As of April 29, 2013, the date that the financial statements were available to be issued, \$70,500 remains outstanding.

**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***

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

We have audited the financial statements of The San Francisco Lesbian Gay Bisexual Transgender Community Center as of and for the year ended June 30, 2012, and have issued our report thereon dated April 29, 2013. 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.

Internal Control Over Financial Reporting

Management of The San Francisco Lesbian Gay Bisexual Transgender Community Center is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered The San Francisco Lesbian Gay Bisexual Transgender Community Center's internal control over financial reporting as a basis for designing our auditing procedures. We have audited the financial statements of The San Francisco Lesbian Gay Bisexual Transgender Community Center as of and for the year ended June 30, 2012, which collectively comprise The San Francisco Lesbian Gay Bisexual Transgender Community Center's basic financial statements and have issued our report thereon dated June 30, 2012 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

We noted certain matters that we reported to management of The San Francisco Lesbian Gay Bisexual Transgender Community Center in a separate letter dated April 29, 2013.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and the City and County of San Francisco, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants
Oakland, California
April 29, 2013