
THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

FINANCIAL STATEMENTS

June 30, 2015

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2014)

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, 2015, 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, 2015, 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, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 8, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 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 7, 2016 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 7, 2016

The San Francisco Lesbian Gay Bisexual Transgender Community Center

**Statement of Financial Position
June 30, 2015
(With Comparative Totals as of June 30, 2014)**

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash	\$ 240,943	\$ 66,869
Accounts receivable	12,679	9,167
Grants and pledges receivable	153,826	189,289
Prepaid expenses	12,840	12,011
Total Current Assets	<u>420,288</u>	<u>277,336</u>
Property and equipment, net (Note 3)	8,818,970	9,137,012
Artwork and other assets	<u>15,000</u>	<u>15,350</u>
Total Assets	<u>\$ 9,254,258</u>	<u>\$ 9,429,698</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 196,941	\$ 133,501
Accrued vacation	37,706	49,961
Rental deposits	24,415	13,928
Deferred revenue	-	22,652
Conditional grants (Note 4)	8,151	14,000
Short term loans (Note 5)	14,000	45,000
Long term debt - current portion (Note 6)	2,929,232	3,006,947
Total Current Liabilities	<u>3,210,445</u>	<u>3,285,989</u>
Long term debt (Note 6)	<u>141,959</u>	<u>142,994</u>
Total Liabilities	<u>3,352,404</u>	<u>3,428,983</u>
Commitments and Contingencies (Notes 7 and 8)		
Net Assets		
Unrestricted		
Board designated reserve	35,000	35,000
Undesignated	5,801,921	5,932,630
Total Unrestricted	<u>5,836,921</u>	<u>5,967,630</u>
Temporarily restricted (Note 9)	64,933	33,085
Total Net Assets	<u>5,901,854</u>	<u>6,000,715</u>
Total Liabilities and Net Assets	<u>\$ 9,254,258</u>	<u>\$ 9,429,698</u>

See Notes to the Financial Statements

The San Francisco Lesbian Gay Bisexual Transgender Community Center

**Statement of Activities
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)**

	Unrestricted	Temporarily Restricted	Total	
			2015	2014
Support and Revenue:				
Support				
Government	\$ 1,335,954	\$	\$ 1,335,954	\$ 1,016,072
Foundation and corporate	141,535	190,894	332,429	398,544
Donations	308,748	100	308,848	245,985
Fundraising events, net (Note 11)	210,271		210,271	209,642
In-kind support (Note 12)	27,905		27,905	15,000
Total Support	2,024,413	190,994	2,215,407	1,885,243
Revenue				
Facility rental	227,912		227,912	222,776
Program service	121,871		121,871	41,824
Interest	26		26	688
Miscellaneous	1,504		1,504	4,005
Total Revenue	351,313	-	351,313	269,293
Net assets released from temporary donor restriction (Note 9)	159,146	(159,146)	-	-
Total Support and Revenue	2,534,872	31,848	2,566,720	2,154,536
Expenses:				
Program	1,810,571		1,810,571	1,484,979
Management and general	135,429		135,429	127,202
Fundraising	355,462		355,462	324,688
Total Expenses	2,301,462	-	2,301,462	1,936,869
Change in net assets before depreciation	233,410	31,848	265,258	217,667
Depreciation expense	364,119	-	364,119	356,900
Change in net assets	(130,709)	31,848	(98,861)	(139,233)
Net Assets, beginning of year	5,967,630	33,085	6,000,715	6,139,948
Net Assets, end of year	\$ 5,836,921	\$ 64,933	\$ 5,901,854	\$ 6,000,715

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, 2015
(With Comparative Totals for the Year Ended June 30, 2014)**

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ (98,861)	\$ (139,233)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	364,119	356,900
Donated items	(27,905)	(15,000)
Changes in assets and liabilities:		
Accounts receivable	(3,512)	(1,975)
Grants and pledges receivable	35,463	(45,591)
Prepaid expenses	(829)	(9,523)
Artwork and other assets	350	16,805
Accounts payable and accrued expenses	63,440	1,483
Accrued vacation	(12,255)	4,318
Rental deposits	10,487	943
Deferred revenue	(22,652)	22,652
Conditional grants	(5,849)	-
Net cash provided (used) by operating activities	301,996	191,779
Cash flows from investing activities:		
Purchase of fixed assets/improvements	(18,172)	(31,220)
Net cash provided (used) by investing activities	(18,172)	(31,220)
Cash flows from financing activities:		
Proceeds from short term borrowing	-	91,000
Repayments of short term borrowing	(31,000)	(123,500)
Repayments of long term borrowing	(78,750)	(78,750)
Net cash provided (used) by financing activities	(109,750)	(111,250)
Net change in cash	174,074	49,309
Cash, beginning of year	66,869	17,560
Cash, end of year	\$ 240,943	\$ 66,869
Supplemental information:		
Interest paid	\$ 151,163	\$ 156,640
Donated items	\$ 27,905	\$ 15,000

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, 2015
(With Comparative Totals for the Year Ended June 30, 2014)**

	Program			Total Program	Management and General	Fundraising	Total	
	Economic Development	Community Program	Facilities and Building				2015	2014
Salaries	\$ 438,727	\$ 251,954	\$ 221,116	\$ 911,797	\$ 91,045	\$ 208,136	\$ 1,210,978	\$ 1,097,072
Employee benefits	36,887	20,528	30,540	87,955	6,083	18,570	112,608	98,234
Payroll taxes	39,340	22,308	19,656	81,304	8,098	18,687	108,089	95,692
Total Personnel	<u>514,954</u>	<u>294,790</u>	<u>271,312</u>	<u>1,081,056</u>	<u>105,226</u>	<u>245,393</u>	<u>1,431,675</u>	<u>1,290,998</u>
Professional services	2,905	102,116	5,675	110,696	9,500	27,025	147,221	156,339
Subcontracts	50,494	37,145		87,639	-	-	87,639	34,247
Office expense	10,558	12,997	11,674	35,229	1,319	8,762	45,310	43,514
Occupancy			112,964	112,964	-	-	112,964	82,359
Equipment rental	21,384	45,905	11,770	79,059	3,212	8,196	90,467	34,989
Travel and meals	2,035	9,840	384	12,259	-	150	12,409	4,081
Interest			148,419	148,419	2,744	-	151,163	156,640
Insurance	4,043	10,408	12,696	27,147	714	1,403	29,264	22,245
Conferences and meetings	728	639		1,367	-	400	1,767	1,166
Dues, service fees and other	775	1,785	24	2,584	12,714	9,579	24,877	19,251
Program supplies and materials	14,308	88,000	9,844	112,152	-	-	112,152	56,559
Direct mail and donor cultivation				-	-	54,554	54,554	34,481
Total Expenses	<u>\$ 622,184</u>	<u>\$ 603,625</u>	<u>\$ 584,762</u>	<u>\$ 1,810,571</u>	<u>\$ 135,429</u>	<u>\$ 355,462</u>	<u>\$ 2,301,462</u>	<u>\$ 1,936,869</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, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

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.

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.

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

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

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, 2015.

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, 2015 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. There were no contributed services that met the criteria for recognition for the year ended June 30, 2015.

Accounts, Grants and Pledges Receivable

The Organization considers accounts, grants and pledges receivable to be fully collectible at June 30, 2015. Accordingly, no material allowance for doubtful accounts was deemed necessary. If

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

**Notes to the Financial Statements
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)**

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.

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.

The Organization had no assets or liabilities recorded at fair value on June 30, 2015.

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:

Furniture and equipment	3 - 5 years
Computers and software	3 - 5 years
Building and improvements	5 - 40 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 SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

Notes to the Financial Statements
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

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, 2014, 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 7, 2016 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose other than the information below.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 363,998	\$ 363,998
Computers and software	278,902	250,997
Building and improvements	13,228,886	13,210,714
Land	220,000	220,000
Less: accumulated depreciation	<u>(5,272,816)</u>	<u>(4,908,697)</u>
Total	<u>\$ 8,818,970</u>	<u>\$ 9,137,012</u>

NOTE 4: 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 \$8,151 and \$14,000 as of June 30, 2015 and 2014 respectively.

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

Notes to the Financial Statements
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

NOTE 5: SHORT TERM LOANS

Short term loans consisted of \$14,000 and \$45,000 as of June 30, 2015 and 2014, respectively. These unsecured loans are from board and community members and mature prior to June 30, 2016. 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 6: LONG TERM DEBT

The Organization's long term debt consists of the following as of June 30, 2015:

Note I – City Loan	\$ 157,500
Note II – Bank Loan	<u>2,913,691</u>
Total	3,071,191
Less current portion	<u>(2,929,232)</u>
Long term portion	<u>\$ 141,959</u>

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

2016	\$ 2,929,232
2017	30,864
2018	31,272
2019	31,680
2020	32,148
Thereafter	<u>15,995</u>
Total	<u>\$ 3,071,191</u>

Note I – City Loan

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.

Note II – Bank Loan

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 March 31, 2016, 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 by March 31, 2016.

NOTE 7: COMMITMENTS

Copier Leases

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

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

Notes to the Financial Statements
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

2016	\$ 16,788
2017	16,788
2018	16,788
2019	16,788
2020	<u>1,399</u>
Total	<u>\$ 68,551</u>

NOTE 8: 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, 2015, \$11,030 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 9: TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2015</u>	<u>2014</u>
Homeowner and Financial Services	\$ 15,632	\$ 23,048
Community Development / Immigration	6,103	-
Capacity building	42,500	-
Sponsored Projects:		
Bay Area Lawyers for Individual Freedom	512	512
SFALI	-	8,599
Atomosqueers	<u>186</u>	<u>926</u>
Total	<u>\$ 64,933</u>	<u>\$ 33,085</u>

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

**Notes to the Financial Statements
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)**

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

	<u>2015</u>	<u>2014</u>
Employment Services	\$ 25,000	\$ 15,000
Economic Development	30,000	45,000
Homeowner and Financial Services	54,916	5,237
Transgender Employment Services	3,864	-
Arts and Culture	7,500	7,500
Capacity Building	10,000	-
LGBT Transitional Age Youth Services	5,600	22,883
CyberCenter	-	3,321
Community Development / Immigration	3,897	-
Sponsored Projects:		
Bay Area Lawyers for Individual Freedom	-	1,839
Pride Party	-	60,055
LGBT Speaker's Bureau	-	3,640
TransHack	7,500	-
SFALI	8,599	8,659
Atmosqueers	<u>2,270</u>	<u>894</u>
Total	<u>\$ 159,146</u>	<u>\$ 174,028</u>

NOTE 10: CONCENTRATIONS

Government support

The Organization receives a portion of its support from local government sources. Approximately 52% of the Organization's support related to such funding for the year ended June 30, 2015. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities.

NOTE 11: FUNDRAISING EVENTS

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

	<u>2015</u>	<u>2014</u>
Admission	\$ 44,410	\$ 50,751
Sponsorships and contributions	174,123	163,362
Sale of donated auction items	20,761	25,810
Less: Costs of direct donor benefit	<u>(29,023)</u>	<u>(30,281)</u>
Total	<u>\$ 210,271</u>	<u>\$ 209,642</u>

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

Notes to the Financial Statements
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

NOTE 12: IN-KIND SUPPORT

In-kind support consisted of the following for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Computers for CyberCenter	\$ 27,905	\$ -
Artwork	<u>-</u>	<u>15,000</u>
Total	<u>\$ 27,905</u>	<u>\$ 15,000</u>

In addition, the Organization received donated items for a fundraising auction for the years ended June 30, 2015 and 2014, respectively. The Organization valued these items based on the proceeds from the auction, and the value of the items is included in fundraising event activity.

**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, 2015, 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 7, 2016.

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.

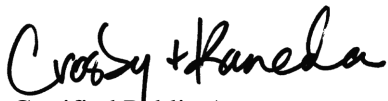
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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 7, 2016