
The San Francisco Lesbian Gay Bisexual Transgender Community Center

FINANCIAL STATEMENTS

June 30, 2013

(With Comparative Totals for June 30, 2012)

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, 2013, 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, 2013, 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, 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 29, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 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 18, 2014 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 18, 2014

The San Francisco Lesbian Gay Bisexual Transgender Community Center

**Statement of Financial Position
June 30, 2013
(With Comparative Totals for June 30, 2012)**

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Cash	\$ 17,560	\$ 178,742
Accounts receivable	7,192	3,824
Grants receivable	120,931	95,322
Pledges receivable, net (Note 3)	22,767	58,165
Prepaid expenses	2,488	14,487
Total Current Assets	<u>170,938</u>	<u>350,540</u>
Property and equipment, net (Note 4)	9,462,692	9,802,499
Deposits	17,155	7,229
Total Assets	<u>\$ 9,650,785</u>	<u>\$ 10,160,268</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 132,018	\$ 102,817
Accrued vacation	45,643	47,224
Accrued interest	-	13,125
Rental deposits	12,985	11,237
Conditional grants (Note 5)	14,000	17,333
Short term loans (Note 6)	77,500	30,000
Long term debt - current portion (Note 7)	78,750	78,750
Total Current Liabilities	<u>360,896</u>	<u>300,486</u>
Conditional grant-long term portion	-	14,000
Long term debt (Note 7)	3,149,941	3,228,691
Total Liabilities	<u>3,510,837</u>	<u>3,543,177</u>
Commitments and Contingencies (Notes 8 and 9)		
Net Assets		
Unrestricted		
Board designated	35,000	35,000
Undesignated	6,071,298	6,536,616
Total Unrestricted	<u>6,106,298</u>	<u>6,571,616</u>
Temporarily restricted (Note 10)	33,650	45,475
Total Net Assets	<u>6,139,948</u>	<u>6,617,091</u>
Total Liabilities and Net Assets	<u>\$ 9,650,785</u>	<u>\$ 10,160,268</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, 2013
(With Comparative Totals for the Year Ended June 30, 2012)**

	Unrestricted	Temporarily Restricted	Total	
			2013	2012
Support and Revenue:				
Support				
Government grants	\$ 663,049	\$ -	\$ 663,049	\$ 676,242
Foundation and corporate grants	181,652	288,844	470,496	424,254
Donations	172,875	8,628	181,503	201,381
Bequests	-	-	-	191,500
Events, net (Note 11)	189,263	-	189,263	198,589
In-kind support (Note 12)	-	-	-	49,832
Total Support	1,206,839	297,472	1,504,311	1,741,798
Revenue				
Rental payments	193,627	-	193,627	195,792
Program revenue	27,723	-	27,723	19,740
Interest	27	-	27	26
Miscellaneous	301	-	301	5,201
Total Revenue	221,678	-	221,678	220,759
Net assets released from temporary donor restriction (Note 10)	309,297	(309,297)	-	-
Total Support and Revenue	1,737,814	(11,825)	1,725,989	1,962,557
Expenses:				
Program	1,441,131	-	1,441,131	1,478,975
General and administration	97,740	-	97,740	102,793
Fundraising	308,798	-	308,798	313,959
Total Expenses	1,847,669	-	1,847,669	1,895,727
Change in net assets before depreciation	(109,855)	(11,825)	(121,680)	66,830
Depreciation expense	355,463	-	355,463	359,037
Change in net assets	(465,318)	(11,825)	(477,143)	(292,207)
Net Assets, beginning of year	6,571,616	45,475	6,617,091	6,909,298
Net Assets, end of year	\$ 6,106,298	\$ 33,650	\$ 6,139,948	\$ 6,617,091

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, 2013
(With Comparative Totals for the Year Ended June 30, 2012)**

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ (477,143)	\$ (292,207)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	355,463	359,037
Donated equipment		(21,799)
Changes in assets and liabilities:		
Accounts receivable	(3,368)	9,200
Grants receivable	(25,609)	24,839
Pledges receivable	35,398	34,395
Prepaid expenses	11,999	171
Deposits	(9,926)	(7,229)
Accounts payable	29,201	920
Accrued vacation	(1,581)	(15,118)
Conditional grant	(17,333)	(10,667)
Rental deposits	1,748	(7,618)
Net cash provided (used) by operating activities	(101,151)	73,924
Cash flows from investing activities:		
Purchase of fixed assets/improvements	(15,656)	(48,340)
Net cash used by investing activities	(15,656)	(48,340)
Cash flows from financing activities:		
Proceeds from short term borrowing	98,400	51,000
Repayments of short term borrowing	(50,900)	(26,000)
Proceeds from long term borrowings	-	157,500
Repayments on long term borrowing	(78,750)	(10,274)
Payments on accrued interest	(13,125)	(218,202)
Net cash used by financing activities	(44,375)	(45,976)
Net change in cash	(161,182)	(20,392)
Cash, beginning of year	178,742	199,134
Cash, end of year	\$ 17,560	\$ 178,742
Supplemental information:		
Interest paid	\$ 159,111	\$ 176,053

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, 2013

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

	Program			Total Program	General and Administration	Fundraising	Total	
	Economic Development	Community Program	Facilities and Building				2013	2012
Salaries	\$ 329,536	\$ 326,149	\$ 187,464	\$ 843,149	\$ 63,281	\$ 180,295	\$ 1,086,725	\$ 1,063,112
Payroll taxes	30,911	27,184	17,648	75,743	4,079	16,146	95,968	96,594
Employee benefits	27,555	29,449	24,236	81,240	5,852	15,651	102,743	101,853
	<u>388,002</u>	<u>382,782</u>	<u>229,348</u>	<u>1,000,132</u>	<u>73,212</u>	<u>212,092</u>	<u>1,285,436</u>	<u>1,261,559</u>
Accounting					8,700	-	8,700	8,000
Other professional services	1,739	28,419	78	30,236	180	44,825	75,241	109,256
Supplies	9,027	41,731	11,212	61,970	484	16,516	78,970	57,024
Telephone	2,789	4,466	19,029	26,284	510	981	27,775	25,218
Postage		17		17	252	4,792	5,061	3,015
Occupancy		8,500	72,094	80,594	-	-	80,594	109,428
Equipment rental and maintenance	8,236	7,071	5,895	21,202	1,657	3,531	26,390	25,181
Printing and publications	1,357	918		2,275	83	6,866	9,224	12,713
Travel and meals	1,854	1,470	60	3,384	-	17	3,401	4,482
Interest			156,260	156,260	2,851	-	159,111	176,053
Subcontracts	34,042			34,042	-	-	34,042	39,187
Insurance	6,706	5,822	9,169	21,697	1,364	2,625	25,686	21,151
Dues, licenses, service and bank fees					8,327	-	8,327	11,751
Conferences, conventions, meetings		790		790	120	-	910	763
Advertising and promotion	1,104	1,144		2,248	-	163	2,411	2,611
Direct mail and donor cultivation					-	16,390	16,390	28,335
Total Expenses	<u>\$ 454,856</u>	<u>\$ 483,130</u>	<u>\$ 503,145</u>	<u>\$ 1,441,131</u>	<u>\$ 97,740</u>	<u>\$ 308,798</u>	<u>\$ 1,847,669</u>	<u>\$ 1,895,727</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, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)**

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:* 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.

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

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.

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, 2013.

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, 2013 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.

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)**

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 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, 2013.

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:

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)**

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.

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, 2012, 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: PLEDGES RECEIVABLE

Pledges receivable represent unconditional consisted of the following as of June 30:

	<u>2013</u>	<u>2012</u>
Total pledges receivable	\$ 33,607	\$ 60,217
Less allowance for doubtful accounts	<u>(10,840)</u>	<u>(2,052)</u>
Pledges receivable, net	<u>\$ 22,767</u>	<u>\$ 58,165</u>

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)**

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
Furniture and equipment	\$ 363,998	\$ 362,427
Computers and software	249,726	249,726
Building and leasehold improvements	13,180,764	13,166,679
Land	220,000	220,000
Less: accumulated depreciation	<u>(4,551,796)</u>	<u>(4,196,333)</u>
Total	<u>\$ 9,462,692</u>	<u>\$ 9,802,499</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, 2013.

NOTE 6: SHORT TERM LOANS

Short term loans at June 30, 2013 consist of \$77,500 in unsecured loans from board and community members expected to be repaid by June 30, 2014.

NOTE 7: LONG TERM DEBT

The Organization's long term debt consists of the following at June 30, 2013:

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
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.	3,071,191
Less current portion	<u>(78,750)</u>
Long term portion of notes payable	<u>\$ 3,149,941</u>

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

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

2014	\$ 78,750
2015	78,750
2016	2,944,365
2017	31,082
2018	31,495
Thereafter	<u>64,249</u>
Total	<u>\$ 3,228,691</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:

2014	\$ 56,851
2015	26,568
2016	<u>13,284</u>
Total	<u>\$ 96,703</u>

Copier leases

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

2014	\$ 17,820
2015	<u>10,395</u>
Total	<u>\$ 28,215</u>

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.

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)**

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, 2013, \$14,465 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>2013</u>	<u>2012</u>
Homeowner and Financial Services	\$ -	\$ 1,201
Information and Referral Services	-	10,492
LGBT Youth and Family	-	9,479
Transgender Employment Services	-	6,048
LGBT Transitional Age Youth Services	12,883	3,848
CyberCenter	3,321	-
Sponsored Projects:		
Bay Area Lawyers for Individual Freedom	351	794
Pride Party	13,455	-
LGBT Speaker's Bureau	<u>3,640</u>	<u>13,613</u>
Total	<u>\$ 33,650</u>	<u>\$ 45,475</u>

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

	<u>2013</u>	<u>2012</u>
Employment Services	\$ 45,000	\$ 11,067
Economic Development	16,000	60,234
Homeowner and Financial Services	35,367	32,132
Transgender Employment Services	6,048	13,952
Transcode Employment Services	5,406	-
Information and Referral	35,492	54,508
Arts and Culture	7,650	10,000
Capacity Building	15,000	15,000
LGBT Transitional Age Youth Services	21,715	7,152
CyberCenter	46,679	-
LGBT Youth and Family	29,479	10,521
SNAP	-	2,500
LGBT Technology Access	-	76,203
Sponsored Projects:		

THE SAN FRANCISCO LESBIAN GAY BISEXUAL TRANSGENDER COMMUNITY CENTER

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)**

Bay Area Lawyers for Individual Freedom	3,443	1,206
Pride Party	31,545	-
LGBT Speaker's Bureau	10,473	8,213
SF TEAM	<u>-</u>	<u>457</u>
Total	<u>\$ 309,297</u>	<u>\$ 303,145</u>

NOTE 11: 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>2013</u>	<u>2012</u>
Admission	\$ 43,085	\$ 39,780
Sponsorships and contributions	160,936	160,651
Sale of auction items	25,435	40,710
Less: Costs of direct donor benefit	<u>(40,193)</u>	<u>(42,552)</u>
Total	<u>\$ 189,263</u>	<u>\$ 198,589</u>

NOTE 12: IN-KIND SUPPORT

The Organization received in kind support of \$21,799 in capital equipment and \$28,033 in legal services for the year ended June 30, 2012.

In addition, the Organization received approximately \$18,460 and \$38,375 in donated items for a fundraising auction for the years ended June 30, 2013 and 2012, respectively. The Organization valued these items based on the proceeds from the auction.

NOTE 13: CONCENTRATIONS

Grants receivable

The Organization receives a portion of its support from federal, state, and local governments. Approximately 70% of the organizations outstanding grants receivable related to such funding as of June 30, 2013.

NOTE 14: SUBSEQUENT EVENT

The Organization has evaluated subsequent events and has concluded that as of April 18, 2014 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose other than the information below.

Subsequent to June 30, 2013, the Organization received interest free loans from former and current board members totaling \$65,000 and repaid \$52,500. As of April 18, 2014, the date that the financial statements were available to be issued, \$90,000 in short term borrowing remains outstanding.

Subsequent to June 30, 2013, the Organization was awarded two new contracts with the City and County of San Francisco. One contract was for \$260,000 in operating expenses and a second contract was for \$250,000 in capital improvements.

**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, 2013, and have issued our report thereon dated April 18, 2014. 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, 2013, which collectively comprise The San Francisco Lesbian Gay Bisexual Transgender Community Center's basic financial statements and have issued our report thereon dated April 18, 2014 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 18, 2014.

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 18, 2014