

**THE SAN DIEGO LESBIAN, GAY, BISEXUAL AND TRANSGENDER COMMUNITY  
CENTER**

**(A NON-PROFIT ORGANIZATION)**

**AUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

**AND**

**SINGLE AUDIT REPORTS**

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**LICHTER YU AND ASSOCIATES, INC.**

**CERTIFIED PUBLIC ACCOUNTANTS**

21031 VENTURA BLVD., SUITE 316  
WOODLAND HILLS, CALIFORNIA 91364  
TEL (818)789-0265 FAX (818) 789-3949

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
**The San Diego Lesbian, Gay, Bisexual, and Transgender Community Center**  
San Diego, California

Members of the Board:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the San Diego Lesbian, Gay, Bisexual, and Transgender Community Center (The Center), which comprise the statement of financial position as of June 30, 2017 and the related statements of activities, functional expenses, and cash flows 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 Center as of June 30, 2017, and the changes in its net assets 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 Center's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 19, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required By Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2017, on our consideration of The 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Center's internal control over financial reporting and compliance.



Woodland Hills, California  
September 18, 2017

THE SAN DIEGO LESBIAN, GAY, BISEXUAL AND TRANSGENDER COMMUNITY CENTER  
(A NON-PROFIT ORGANIZATION)  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2017  
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2016)

	June 30,	
	2017	2016
<b>ASSETS</b>		
Cash	\$ 2,481,377	\$ 1,080,632
Accounts receivable	11,106	164,926
Grants receivable	390,243	336,181
Investments	2,338	2,338
Prepaid expenses	11,412	6,341
Fixed assets, net (See note 7)	5,379,396	5,441,514
Intangible assets, net (See note 8)	2,390	3,390
Endowment funds (See note 9)	580,056	517,816
Deposits	1,850	1,850
<b>TOTAL ASSETS</b>	<b>\$ 8,860,168</b>	<b>\$ 7,554,988</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 13,285	\$ 34,967
Accrued expenses	342,523	324,903
Deferred revenue	171,667	-
Accrued interest (See note 15)	140,000	128,000
Notes payable	5,575,236	5,618,244
<b>TOTAL LIABILITIES</b>	<b>6,242,711</b>	<b>6,106,114</b>
<b>NET ASSETS</b>		
Unrestricted	1,706,349	431,466
Temporarily restricted (See note 11)	569,268	676,588
Permanently restricted	341,840	340,820
<b>TOTAL NET ASSETS</b>	<b>2,617,457</b>	<b>1,448,874</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 8,860,168</b>	<b>\$ 7,554,988</b>

The accompanying notes are an integral part of the financial statements.

THE SAN DIEGO LESBIAN, GAY, BISEXUAL AND TRANSGENDER COMMUNITY CENTER  
(A NON-PROFIT ORGANIZATION)  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2016)

REVENUE AND SUPPORT	2017				2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenue:					
Government and foundation grants	\$ 3,394,883	\$ 410,000	\$ -	\$ 3,804,883	\$ 3,477,322
Fundraising events (net of expenses of \$108,970 and \$145,537)	123,127	-	-	123,127	137,863
Other income	84,993	-	-	84,993	103,206
Investment income	225	61,220	-	61,445	(10,697)
Public Support:					
Contributions and donations	3,007,480	-	1,020	3,008,500	1,410,336
Net assets released from purpose restrictions	25,000	(25,000)	-	-	-
Total revenue and public support	6,635,708	446,220	1,020	7,082,948	5,118,030
Functional Expenses					
Programs and services	4,536,279	553,540	-	5,089,819	4,674,435
Management	394,503	-	-	394,503	330,599
Fundraising	430,043	-	-	430,043	230,518
Total functional expenses	5,360,825	553,540	-	5,914,365	5,235,552
INCREASE (DECREASE) IN NET ASSETS	1,274,883	(107,320)	1,020	1,168,583	(117,522)
NET ASSETS - Beginning of year	431,466	676,588	340,820	1,448,874	1,566,396
NET ASSETS - End of year	\$ 1,706,349	\$ 569,268	\$ 341,840	\$ 2,617,457	\$ 1,448,874

The accompanying notes are an integral part of the financial statements.

THE SAN DIEGO LESBIAN, GAY, BISEXUAL AND TRANSGENDER COMMUNITY CENTER  
(A NON-PROFIT ORGANIZATION)  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2016)

	2017				2016 Total
	Programs and Services	Management	Fundraising	Total Expenses	
Salaries, Payroll Taxes and Benefits	\$ 2,806,677	\$ 161,640	\$ 287,608	\$ 3,255,925	\$ 2,783,570
Payroll Taxes	204,832	10,402	21,259	236,493	201,302
Employee Benefits	317,396	69,330	21,591	408,317	324,281
Total Salary and Related Expenses	<u>3,328,905</u>	<u>241,372</u>	<u>330,458</u>	<u>3,900,735</u>	<u>3,309,153</u>
Accounting and Audit	28,480	632	1,906	31,018	30,123
Bank Fees	28,792	23,754	-	52,546	54,760
Building Repair and Maintenance	31,588	657	1,229	33,474	36,095
Cleaning	27,716	769	1,575	30,060	17,040
Client Service	73,594	-	-	73,594	63,069
Communication	114,366	2,714	7,798	124,878	116,145
Consultants	149,562	177	14,700	164,439	151,927
Planning Council	20,039	-	-	20,039	13,945
Depreciation and Amortization	133,143	75,897	-	209,040	224,110
Equipment Purchased	15,205	-	-	15,205	36,150
Events	131,875	2,680	-	134,555	104,615
Insurance	48,570	1,542	2,683	52,795	52,017
Interest Expense - Other	-	12,000	-	12,000	12,000
Interest Expense - Mortgage	76,218	2,747	5,617	84,582	86,869
Legal	3,368	6,433	-	9,801	23,232
Miscellaneous	91,239	11,179	7,296	109,714	104,821
Postage	8,610	181	8,170	16,961	15,541
Printing	29,943	2,201	25,445	57,589	117,964
Property Taxes	3,062	18	35	3,115	2,782
Public Relations and Advertising	21,551	50	696	22,297	17,837
Rent	34,400	-	-	34,400	33,225
Staff Development/Training	21,973	1,043	1,183	24,199	65,220
Supplies	125,578	6,075	9,821	141,474	104,856
Travel	8,539	10	340	8,889	7,514
Utilities	84,254	2,350	5,010	91,614	85,777
Volunteer & Donor Appreciation	306	22	81	409	6,713
Grant Allocation	448,943	-	6,000	454,943	342,052
Total Expense	<u>\$ 5,089,819</u>	<u>\$ 394,503</u>	<u>\$ 430,043</u>	<u>\$ 5,914,365</u>	<u>\$ 5,235,552</u>

The accompanying notes are an integral part of the financial statements.

THE SAN DIEGO LESBIAN, GAY, BISEXUAL AND TRANSGENDER COMMUNITY CENTER  
(A NON-PROFIT ORGANIZATION)  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2016)

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received from contributors and grants	\$ 7,293,153	\$ 5,251,556
Cash paid to employees and suppliers	(5,702,458)	(4,942,904)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,590,695	308,652
CASH FLOW FROM INVESTING ACTIVITIES		
Contribution to endowment fund	(1,020)	-
Building improvements	(144,969)	(36,725)
Purchase of property and equipment	(953)	(1,478)
NET CASH USED IN INVESTING ACTIVITIES	(146,942)	(38,203)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment on new notes payable	(43,008)	(40,721)
NET CASH USED IN FINANCING ACTIVITIES	(43,008)	(40,721)
NET INCREASE IN CASH	1,400,745	229,728
CASH at beginning of period	1,080,632	850,904
CASH at end of period	\$ 2,481,377	\$ 1,080,632
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 1,168,583	\$ (117,522)
Adjustments to reconcile increase (decrease) in net assets to cash provided by operating activities:		
Depreciation and amortization	209,040	224,110
Unrealized investment (income) loss	(61,220)	10,838
Decrease (Increase) in:		
Accounts receivable	153,820	144,240
Grants receivable	(54,062)	(21,552)
Prepaid expenses and deposits	(5,071)	4,069
Increase (Decrease) in:		
Accounts payable and accrued expenses	7,938	64,469
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,590,695	\$ 308,652

The accompanying notes are an integral part of the financial statements.



**THE SAN DIEGO LESBIAN, GAY, BISEXUAL AND TRANSGENDER COMMUNITY CENTER**  
**(A NON-PROFIT ORGANIZATION)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

Note 1 - General Information

The San Diego Lesbian, Gay, Bisexual, and Transgender Community Center (The Center) is a California non-profit corporation, organized March 8, 1974 under the Non-Profit Public Benefit Corporation Law for charitable purposes. The Center operated as The Center for Social Services until an amendment for name change was approved by the Secretary of State on July 25, 2002.

The Center's mission is to enhance and sustain the health and well-being of the lesbian, gay, bisexual, transgender, and HIV communities by providing activities, programs and services that create community, empower community members, provide essential resources, advocate for our civil and human rights, and embrace, support and promote our cultural diversity. The Center accomplishes its mission by offering multiple programs to the LGBT and HIV communities. A sampling of our core programs includes:

- Behavioral Health Services, providing workshops, crisis counseling, information and referral, an intern training program, and professional counseling in individual, couple, family, and group formats. Specializations include HIV, relationship violence, and transgender counseling.
- Latin@ Services, offering our LGBT Latino/a community members a welcoming and culturally and linguistically proficient space that allows them to accept and embrace all of who they are, including their culture, traditions, language, spirituality, and sexual and gender identities.
- Sunburst Youth Housing Project, San Diego County's first permanent supportive housing program for young adults, ages 18 to 24. YHP provides permanent affordable housing to homeless and/or disabled youth as well as a host of supportive services, including case management, employment development, education completion, mental health counseling, and life skills training.
- The Hillcrest Youth Center, which is San Diego County's only drop-in and recreational facility dedicated to the needs of LGBTQ and HIV-positive youth, and allies. HYC provides a safe and welcoming space where youth can receive educational assistance, attend support groups, learn about essential life skills in numerous workshops, and participate in leadership development activities.
- Women's Resources, connecting LBT women to needed health, legal, and community resources and creating social, cultural, and educational opportunities for women within a safe, female-friendly environment. This program is also committed to improving the quality of health care and support available to uninsured or underinsured women.
- Senior Services, serving members in the LGBT community who are age 50 and better through ongoing classes, workshops, educational seminars, and social activities. The 50 and Better Club seeks to decrease isolation and increase the sense of connection to the community for one of our most vulnerable and underserved groups.
- Families @ The Center, serving all of our LGBTQ families – parents, grandparents, aunts, uncles, siblings and other extended family members, and all the family members of choice who provide community and support. Services include educational and skill-building opportunities, social and recreational opportunities, immigration and naturalization information and other family services, and information and referrals regarding schools, healthcare, housing, and voting.
- Project TRANS (Transgender Referrals, Assistance, Networking and Services) offers discussion groups, behavioral health services, HIV prevention services, youth services and more. In addition, the program focuses on advocacy, referrals, outreach, sensitivity trainings, social activities and events, workshops and networking with community agencies.
- HIV testing, Hepatitis C testing and PrEP coordination services. The Center's primary strategy for HIV outreach and service is centered on education and routine HIV testing to help with early identification and ensure those who are HIV positive receive rapid access to medical care and support services, while those who are negative receive information about prevention options. The Center's HIV/AIDS Services include: information and referrals to HIV resources; HIV testing onsite; Hepatitis C testing onsite; food and nutrition assistance; health education and risk; reduction counseling; living with HIV support groups; PEP and PrEP education and coordination services; and case management services.
- Discussion and Support Groups, the longest-running programs at The Center, providing coming out, discussion, and support groups for our entire community.
- The David Bohnett Cyber Center is a public computer lab located at the main Center in Hillcrest. The Cyber Center provides access to the internet, computer software applications, free to low-cost computer skills and career building classes, and one-on-one mentoring. The Hillcrest Youth Center also houses a computer lab.

- The Young Professionals Council (YPC) is a diverse group of young LGBT professionals and allies dedicated to the preservation and future growth of The San Diego LGBT Community Center. Their mission is to develop and empower young LGBT professionals and their allies through the Young Professionals Council Academy which helps to expand the ranks of young LGBT leaders who are ready to further equality for our community through board service for a variety of agencies, not-for-profit organizations and government commissions.
- Community Leadership Council provides a stable and on-going collaboration for LGBT community organizations and their allies to effectively exchange information, coordinate community activities, collaborate on community projects and provide coordinated community leadership. The goal is to support and enhance the business, political, cultural, and community life of the San Diego LGBT community, improve the health and well-being of its members and advance the equality and civil rights of all.
- Engage San Diego is a diverse civic engagement table of San Diego organizations working to empower San Diego families to advocate for themselves on issues of social and economic justice in San Diego County.

In addition, The Center maintains a public policy program that works to accomplish the following objectives:

- Educate the general public on LGBT and other human rights issues.
- Organize and educate the LGBT community to effectively educate public policy makers on LGBT and other human rights issues.
- Establish effective collaborations with other human rights organizations to achieve full human and civil rights for all people and to provide essential social and legal resources to the LGBT and allied communities.
- Provide voter registration and education.

Finally, The Center provides low-cost and no-cost meeting space to over 100 other groups each month.

## Note 2 - Summary of Significant Accounting Policies

### Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting.

The financial statements are prepared in accordance with the AICPA Audit and Accounting Guide for Not for Profit Organizations. Financial statement preparation follows the recommendations of the Financial Accounting Standards Board in its ASC 958 Financial Statements of Not-for-Profit Organizations. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted Net Assets - Assets which have not been restricted for a specific time period. These assets may have been designated by a foundation to be used for a specific purpose through the intention of the donor.

Temporarily Restricted Net Assets - Assets subject to donor-imposed stipulations that will be met by actions of The Center and/or the passage of time. These balances include the unexpended portion of externally restricted contributions to be used for specific programs and activities as directed by the donor. The Center had temporarily restricted net assets in the amount of \$569,268 and \$676,588 as of June 30, 2017 and 2016, respectively (See note 11).

Permanently Restricted Net Assets - Assets are received from donors who stipulate that resources are to be maintained permanently. The Center had permanently restricted net assets in the amount of \$341,840 as of June 30, 2017 and \$340,820 as of 2016, related to the Endowment Fund (See note 9).

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates, and those might be material.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with maturities of three months or fewer are considered to be cash equivalent.

### Investments

Marketable securities are valued at quoted market prices on the stated valuation date in the statement of financial position with any unrealized gains and losses reported in the statement of activities.