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

(A NON-PROFIT ORGANIZATION)

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2020

WITH

INDEPENDENT AUDITOR'S REPORT

AND

SINGLE AUDIT REPORTS

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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, 2020 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 Standard*s, we have also issued our report dated April 28, 2021, 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
April 28, 2021

THE SAN DIEGO LESBIAN, GAY, BISEXUAL AND TRANSGENDER COMMUNITY CENTER
(A NON-PROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2019)

	June 30, 2020	June 30, 2019
ASSETS		
Cash	$ 2,893,386	$ 3,282,739
Accounts receivable	361,604	3,862
Grants receivable	1,232,888	372,786
Prepaid expenses	98,885	26,277
Fixed assets, net (See note 6)	5,229,116	5,437,904
Endowment funds (See note 7)	650,673	642,325
Deposits	12,150	12,150
TOTAL ASSETS	$ 10,478,702	$ 9,778,043
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$ 52,256	$ 32,991
Accrued expenses	464,991	354,054
Deferred revenue	-	181,250
Accrued interest (See note 13)	176,000	164,000
Notes payable	4,743,768	3,878,746
TOTAL LIABILITIES	5,437,015	4,611,041
NET ASSETS:		
Without Donor Restrictions	3,488,402	3,987,463
With Donor Restrictions	1,553,285	1,179,539
TOTAL NET ASSETS	5,041,687	5,167,002
TOTAL LIABILITIES AND NET ASSETS	$ 10,478,702	$ 9,778,043

See accompanying Notes to 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, 2020
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2019)

	2020			2019
REVENUE AND SUPPORT	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue:				
Government and foundation grants	$ 4,552,407	$ 1,064,050	$ 5,616,457	$ 3,933,753
Fundraising events (net of expenses of $25,096 and $179,955)	45,984	-	45,984	89,767
Other income	183,244	16,609	199,853	93,128
Investment income	-	8,318	8,318	19,363
Interest and dividends	1,144	-	1,144	1,099
Public Support:				
Contributions and donations	2,001,489	7,082	2,008,571	3,430,554
Net assets released from purpose restrictions	722,313	(722,313)	-	-
Total revenue and public support	7,506,581	373,746	7,880,327	7,567,664
Functional Expenses:				
Programs and services	6,431,178	-	6,431,178	5,476,862
Management	701,797	-	701,797	624,142
Fundraising	872,667	-	872,667	591,214
Total functional expenses	8,005,642	-	8,005,642	6,692,218
Change in Net Assets	(499,061)	373,746	(125,315)	875,446
NET ASSETS - Beginning of year	3,987,463	$ 1,179,539	5,167,002	4,291,556
NET ASSETS - End of year	$ 3,488,402	$ 1,553,285	$ 5,041,687	$ 5,167,002

See accompanying Notes to 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, 2020
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2019)

	Program Services						**Supporting Services**			**Total**	
	Behavioral Health Services & Programs	Community Services & Programs	Youth Drop-in & Housing Services & Programs	Adult Housing Services & Programs	HIV Services & Programs	Total Program Services	General	Fundraising	Total Supporting Services	2020	2019
Salaries	$ 951,522	$ 1,216,785	$ 740,724	$ 129,645	$ 491,405	$ 3,530,081	$ 334,259	$ 462,548	$ 796,807	$ 4,326,888	$ 3,717,116
Payroll Taxes	76,320	98,390	58,205	9,104	35,989	278,008	16,585	35,529	52,114	330,122	268,413
Employee Benefits	97,107	115,088	64,097	14,543	49,250	340,085	68,031	44,444	112,475	452,560	480,123
Total Salaries and Related Expenses	1,124,949	1,430,263	863,026	153,292	576,644	4,148,174	418,875	542,521	961,396	5,109,570	4,465,652
Accounting and Audit	6,706	8,852	8,140	1,005	3,213	27,916	3,191	2,798	5,989	33,905	32,416
Bank Fees	257	257	-	-	-	514	8,963	31,413	40,376	40,890	38,486
Building Repair and Maintenance	3,023	4,572	54,865	204	697	63,361	3,644	889	4,533	67,894	43,224
Cleaning	6,966	10,285	3,171	371	1,242	22,035	1,218	1,935	3,153	25,188	31,787
Client Service	1,974	81,096	75,417	32,307	11,202	201,996	76	2,508	2,584	204,580	150,200
Communication	36,585	45,429	26,310	3,897	11,830	124,051	13,697	12,264	25,961	150,012	135,453
Consultants	5,691	141,139	200,594	839	2,764	351,027	52,336	32,119	84,455	435,482	278,223
Depreciation and Amortization	-	-	139,028	-	-	139,028	123,827	-	123,827	262,855	240,851
Events	2,701	75,511	6,163	-	272	84,647	3,635	74,914	78,549	163,196	195,583
Insurance	12,290	20,019	24,079	2,096	5,568	64,052	3,818	5,738	9,556	73,608	78,740
Interest Expense - Other	-	-	-	-	-	-	12,000	-	12,000	12,000	12,000
Legal	-	-	-	-	-	-	26,008	-	26,008	26,008	7,621
Miscellaneous	4,484	165,008	8,320	746	2,433	180,991	6,934	4,107	11,041	192,032	133,348
Postage	534	4,127	431	89	227	5,408	204	5,867	6,071	11,479	14,541
Printing	4,518	15,353	2,920	483	2,298	25,572	725	13,307	14,032	39,604	60,415
Property Taxes	116	176	3,150	-	17	3,459	20	35	55	3,514	3,325
Public Relations and Advertising	157	1,253	116	-	4,492	6,018	20	73	93	6,111	3,955
Rent	-	2,600	77,262	477,811	-	557,673	-	1,100	1,100	558,773	64,560
Staff Development/Training	1,094	9,163	813	102	221	11,393	9,603	2,507	12,110	23,503	52,187
Supplies	12,897	18,703	21,558	2,963	22,308	78,429	8,496	10,289	18,785	97,214	156,822
Travel	2,141	3,565	5,065	1,318	550	12,639	762	388	1,150	13,789	20,700
Utilities	16,532	16,493	43,425	12,850	3,870	93,170	2,666	7,537	10,203	103,373	89,648
Volunteer & Donor Appreciation	24	138	143	-	-	305	1,079	1,043	2,122	2,427	5,901
Grant Allocation	-	229,320	-	-	-	229,320	-	119,315	119,315	348,635	376,580
Total Expense	$ 1,243,639	$ 2,283,322	$ 1,563,996	$ 690,373	$ 649,848	$ 6,431,178	$ 701,797	$ 872,667	$ 1,574,464	$ 8,005,642	$ 6,692,218

See accompanying Notes to 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, 2020
(WITH SUMMARIZED TOTALS FOR JUNE 30, 2019)

	2020	2019
OPERATING ACTIVITES		
Change in net assets	$ (125,315)	$ 875,446
Items not requiring (providing) cash		
Depreciation and amortization	262,855	240,851
Unrealized investment income	(8,318)	(19,306)
Changes in:		
Accounts receivable	(357,742)	(1,630)
Grants receivable	(860,102)	(109,776)
Prepaid expenses and deposits	(72,608)	(27,239)
Accounts payable and accrued expenses	142,202	(80,684)
Deferred revenue	(181,250)	(173,572)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (1,200,278)	$ 704,090
INVESTING ACTIVITIES		
Contribution to endowment fund	(30)	(50)
Building improvements	(4,723)	(113,165)
Purchase of property and equipment	(49,344)	(132,475)
NET CASH USED IN INVESTING ACTIVITIES	(54,097)	(245,690)
FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program	865,022	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	865,022	-
NET (DECREASE) INCREASE IN CASH	(389,353)	458,400
CASH at beginning of period	3,282,739	2,824,339
CASH at end of period	$ 2,893,386	$ 3,282,739

See accompanying Notes to Financial Statements.

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 & well-being of the lesbian, gay, bisexual, queer, transgender, nonbinary, immigrant, and HIV communities to the betterment of our entire San Diego region. The Center accomplishes its mission by providing targeted programs and services to the full diversity of the San Diego LGBTQ community, including men, women, youth, seniors, transgender and nonbinary individuals, families, immigrants, LGBTQ Latino/a/x community members, and their families, and those living with HIV. A sampling of our core services and programs includes:

Behavioral Health Services and Programs
- The Center's Behavioral Health Services and Programs provides 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 counseling for transgender and nonbinary community members.

HIV Services and Programs
- The Center's HIV Services and Programs provides 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, rapid access to medical care and support services, and 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.

  The Center offers a continuum of services and programs to help LGBTQ people who are experiencing housing insecurity or homelessness:

Youth Drop-in and Housing Services and Programs
- The Hillcrest Youth Center (HYC) is San Diego County's first drop-in and recreational facility dedicated to the needs of LGBTQ and non-binary youth, youth living with HIV, and their families 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.
- South Bay Youth Center (SBYC) is a drop-in and recreational facility modeled after HYC to help The Center better serve LGBTQ youth and their families in South Bay.
- Sunburst Youth Housing Project (YHP) is San Diego County's first permanent supportive housing program for transitional age youth (TAY), ages 18 to 24. YHP is a 23-unit facility that provides safe and supportive housing for homeless youth, with a special focus on LGBTQ and youth living with HIV. Youth have access to critical support servces such as case management, connection to health care, on-site mental health services, benefits enrollment, HIV testing, life skills training, educational and employment support.
- LGBT Safe S.T.A.Y. is an overnight emergency housing program for TAY youth. Resources include gender-neutral facilities as well as an LGBTQ empowering staff and case managers who provide access to resources and referrals, with a focus on locating permanent housing for the youth.
- The Host Home Program identifies, screens, and trains community members who are known to a TAY youth client experiencing homelessness, and are willing to host them in their home on a short- or long-term basis.
- The Family Reunification Program seeks to reconnect LGBTQ youth with their families, when safe and appropriate, while the entire family receives counseling and supportive services.

Adult Housing Services and Programs

- Karibu is a 21-unit, scattered-site permanent housing program that supports those ages 18 and older. These units are located across San Diego County. Residents receive critical support services such as case management, connection to health care, benefits enrollment, HIV testing, life skills training, educational and employment support.
- North Park Senior Apartments is a 76-apartment unit and San Diego's first LGBTQ-affirming affordable senior complex. Open to all, North Park Senior Apartments provide an affirming, affordable, and supportive community. The Center provides on-site programming to residents, and case management to formerly homeless residents.
- Homelessness Prevention and Diversion is a program designed to assist individuals and families in the County of San Diego who are facing housing instability or are currently unhoused. Services include temporary rental and utility assistance, housing navigation, short-term case management, public benefit enrollment assistance, and referrals to shelter solutions and to other Center programs.
- Project Compassion offers direct supportive resources for those experiencing homelessness. Clients are provided with needed items like toiletries, clothing, food, and water, and are connected to internal and external resources including medical care, mental health services, addiction and recovery options, specialized case management, housing navigation and benefits enrollment assistance.

Community Services and Programs

- Latin@ Services, offering our LGBTQ Latino/a/x 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.
- Women's Resources, connecting LBTQ 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 LGBTQ 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, including 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 for transgender and nonbinary community members. In addition, the program focuses on advocacy, referrals, outreach, sensitivity trainings, social activities and events, workshops and networking with community agencies.
- 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 and South Bay Youth Center also house a computer lab.
- The Young Professionals Council (YPC) is a diverse group of young LGBTQ 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 LGBTQ professionals and their allies through a leadership development program, the Young Professionals Council Academy.
- Community Leadership Council provides a stable and on-going collaboration for LGBTQ community organizations and their allies to effectively exchange information, coordinate community activities, collaborate on community projects and provide coordinated community leadership.
- Engage San Diego, a program of The Center, is a collaborative network of social-justice focused non-profit groups working to increase civic and voter engagement in historically and systemically excluded communities of San Diego County.

In addition, The Center maintains an advocacy and civic engagement program that works to accomplish the following objectives:

- Educate the general public on LGBTQ and other human rights issues.
- Organize, educate, and amplify the voices of the LGBTQ community to effectively educate public policy makers on LGBTQ health and wellness.
- Establish effective collaborations with other organizations to advance human rights and to provide essential social and legal resources to the LGBTQ 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 Presentation
Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors has discretionary control over these resources. Designated amount represent those net assets that the board has set aside for a particular purpose.

- Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The The Center has elected to present contributions with donor restriction that are fulfilled in the same period within the net assets without donor restrictions class.

Summarized Financial Information for 2019
The accompanying financial information as of and for the year ended June 30, 2019, is presented for comparative purposes only and is not intended to represent a complete financial statement presentation in conformity with accounting principles generally accepted in the United States of America (US GAAP). Accordingly, such information should be read in conjunction with The Center's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Basis of Accounting
The accompanying financial statements have been prepared on the accrual basis in conformity with US GAAP. Accordingly, the financial statements reflect all significant receivables, payables, and other liabilities.

Estimates
The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of 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.

Revenue Recognition
All contributions are considered without restrictions unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give, in substance and unconditionally. It is The Centers policy to treat donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted. Donations that are not expended in the current year are classified as with donor restriction.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

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.

Accounts Receivable
Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, if any, represents their estimated net realizable value. The allowance for doubtful accounts, if any, is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due.

The total amount of accounts receivable of $361,604 and $3,862 as of June 30, 2020 and 2019, respectively consists primarily of fee for service which are deemed fully collectible within one year.

Grants Receivable

Revenue from government and other agency grants is recorded to the extent of the expenses incurred under the grant for cost reimbursement grants, or service periods for fee-for-service grants. Any difference in expenses incurred and services provided and the total funds received under the grants are recorded as receivable from the granting agencies to the extent of the grant awards. Any funds received in excess of expenditures are recorded as deferred revenue.

The total amount of grants receivable of $1,232,888 and $372,786 as of June 30, 2020 and 2019, respectively consists of grants from government and other agencies which are deemed fully collectible within one year.

Fair Value Measurements

For certain of The Center's financial instruments, including cash and equivalents, investments, grants receivable, accounts payable, accrued liabilities and short-term debt, the carrying amounts approximate their fair values due to their short maturities. Accountiung Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, requires disclosure of the fair value of financial instruments held by The Center. ASC Topic 825, *Financial Instruments*, defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the balance sheets for investments, receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

Level 1 - inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The Center had no Level 3 assets as of June 30, 2020 and 2019.

The level in the fair value hierarchy within which a fair value measurement in it's entirely falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2020 and 2019:

June 30, 2020	**Total**	**Level 1**	**Level 2**	**Level 3**
Asset:				
Endowment funds:				
Balanced pool	650,673	-	650,673	-
Total	$ 650,673	$ -	$ 650,673	$ -

June 30, 2019	**Total**	**Level 1**	**Level 2**	**Level 3**
Asset:				
Endowment funds:				
Balanced pool	642,325	-	642,325	-
Total	$ 642,325	$ -	$ 642,325	$ -

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. The Center evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. There were no transfers between Level 1, Level 2, or Level 3 for the fiscal year ended June 30, 2020 and 2019.

Donated Goods and Services

Donated goods and services that would typically need to be purchased if not donated are recognized in the accompanying financial statements as contributions when such goods and services (a) enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills. Donated goods and services are recorded at estimated fair market value on the date of the gift. Contributed auxiliary services are not reflected in the financial statements. The Center pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist The Center. As of June 30, 2020 and 2019, no amounts were recorded in the financials for donated goods or services.

Fixed Assets

Fixed assets are unrestricted and carried at cost or, if donated, at the approximate fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Property and equipment are capitalized if the cost of an asset is greater than or equal to $500 and the useful life is greater than one year. Depreciation is computed using the straight-line method over the estimated useful life of the asset, as follows: furniture, fixtures and equipment over 3 to 10 years and buildings over 31 to 40 years.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Certain costs have been allocated among the programs, management and general and fundraising services categories based on various methods. The Statement of Functional Expenses present, by natural classification, the expenses of each program and support service.

Income Taxes

The Center is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. Therefore, no provision for federal or California income tax is reflected in the financial statements.

The Center follows the provisions of FASB ASC Topic 740-10, *Income Taxes*, and accordingly, The Center accounts for uncertain tax positions by recording a liability for unrecognized tax benefits resulting from uncertain tax positions taken, or expected to be taken, in its tax returns. The Center recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by the appropriate taxing authorities. The Center does not believe that its financial statements include any uncertain tax positions and accordingly, has not recognized any liability for unrecognized tax benefits in the accompanying financial statements

Reclassification

Certain prior period amounts have been reclassified to conform to the fiscal year ended June 30, 2020 presentation.

Recently Issued Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. ASU 2016-02 requires that leased assets be recognized as assets on the statement of financial position and the liabilities for the obligations under the lease also be recognized on the statement of financial position. ASU 2016-02 requires disclosures to help investors and other financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. The required disclosures include qualitative and quantitative requirements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years beginning after December 15, 2020. Early adoption is permitted. ASU 2016-02 must be adopted using a modified retrospective transition, and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 improves the current guidance on determining whether transactions are contributions or exchange transactions. ASU 2018-08 also requires determining if a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. ASU 2018-08 is effective for resource recipients for annual reporting periods beginning after December 15, 2018 and for resource providers for annual reporting periods beginning after December 15, 2019.

Note 3 – Grants and Contracts

The Center has received state and federal funds subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under the terms of the grants, it is believed that any required reimbursement would not be material.

Note 4 - Cash

The Center maintains its cash balances at Bank of America, Union Bank and Wells Fargo Bank located in San Diego, California. As of June 30, 2020 and 2019, the balances in each bank were insured by the Federal Deposit Insurance Corporation up to $250,000. As of June 30, 2020 and 2019, The Center's uninsured portion of the balances held at the banks aggregated to approximately $2,200,000 and $2,530,000, respectively. No reserve has been made in the financial statements for any possible loss due to any financial institution failure. The Center's management believes that the financial institutions holding its cash balances are financially secure.

Note 5 - Credit Risk

Since financial institutions generally have no responsibility with respect to deposits in transit and outstanding checks, in the event of a financial institution failure, the financial institutions will not honor deposits in transit and outstanding checks. The actual risk, the bank's liability to its customer (i.e., The Center) arising from cash deposits at such entities equals the balances reported by them, exclusive of the customer's deposits in transit and outstanding checks (i.e., a month end bank statement balance).

Note 6 - Fixed Assets

Fixed assets consist of the following:

	June 30, 2020	June 30, 2019
Furniture and Equipment	$ 381,241	$ 331,291
Building Improvements	3,433,806	3,429,691
Buildings and Land	4,573,755	4,573,755
	8,388,802	8,334,737
Accumulated Depreciation	(3,159,686)	(2,896,833)
	$ 5,229,116	$ 5,437,904

Depreciation expense was $262,855 and $240,851 for the years ended June 30, 2020 and 2019, respectively.

Note 7 – Endowment Funds

The Center has two separate endowment funds; one is maintained by the San Diego Foundation and the other by San Diego Human Dignity Foundation. Both endowments were created to support and assist The Center in enhancing and sustaining the health and well-being of the lesbian, gay, bisexual, transgender, and HIV communities by funding The Center. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of The Center has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, The Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by The Center in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, The Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund.
(2) The purposes of the Foundation and the donor-restricted endowment fund.
(3) General economic conditions.
(4) The possible effect of inflation and deflation.
(5) The expected total return from income and the appreciation of investments.
(6) Other resources of The Center.
(7) The investment policies of The Center.

Endowment Net Asset Composition by Type of Fund as of June 30, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2020:			
Donor- restricted endowment funds	$ -	$ 650,673	$ 650,673
June 30, 2019:			
Donor- restricted endowment funds	$ -	$ 642,325	$ 642,325

Changes in Endowment Net Assets for the Fiscal Years Ended June 30, 2020 and 2019

June 30, 2020	Without Donor Restrictions	With Donor Restrictions
Endowment investment, beginning of the year	$ -	$ 642,325
Investment income (loss)	-	8,318
Contributions and transfers	-	30
Appropriation of net assets	-	-
Endowment investment, end of the year	$ -	$ 650,673

June 30, 2019	Without Donor	With Donor Restrictions
Endowment investment, beginning of the year	$ -	$ 622,969
Investment income (loss)	-	19,306
Contributions and transfers	-	50
Appropriation of net assets	-	-
Endowment investment, end of the year	$ -	$ 642,325

Description of Amounts Classified as with Donor Restrictions Net Assets (Endowment Only)

	June 30, 2020	June 30, 2019
Permanently Restricted Net Assets The portion of perpetual endowment funds required to be retained permanently either by explicit donor stipulation or by UPMIFA	$ 348,020	$ 347,990
Temporarily Restricted Net Assets The portion of perpetual endowment funds subject to a time restriction under UPMIFA	$ 302,653	$ 294,355

Return Objectives and Risk Parameters

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. Actual returns in any given year may vary due to economic and other market conditions.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, The Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Note 8 - Compensated Absences

All regular full-time and part-time employees are eligible for paid vacation time. The rate of accrual is based on length of employment and prorated by full-time equivalency. The rates of accrual for full-time employees are as follows:

Months of Employment	Monthly Accrual Rate (Hours)	Vacation Accrual CAP
0-12	6.68	120 Hours
13-24	10	180 Hours
25 or more	13.34	240 Hours

Once an employee has reached his or her vacation accrual cap, no additional time will be accrued until some vacation time is used. The date of hire will be considered the anniversary date for vacation purposes. Upon termination, employees are paid for any accumulated unpaid vacation leave. As of June 30, 2020 and 2019, vacation liability exists in the amount of $203,828 and $157,657, respectively.

Note 9 – Net Assets with Donor Restrictions

Net Assets with Donor Restrictions are available for the following purposes as of June 30, 2020 and 2019:

	June 30, 2020	June 30, 2019
Engage San Diego	$ 902,612	$ 567,214
Endowment Fund	650,673	612,325
	$ 1,553,285	$ 1,179,539

Note 10 – Commitments and Contingencies

Operating Leases

The Center leases office space and various office equipment under operating leases in the San Diego metropolitan area. Some of these leases are month-to-month and some are for extended periods of time. Rental expense for these leases consisted of $79,202 and $64,560 for the years ended June 30, 2020 and 2019, respectively. As of June 30, 2020, The Center has future minimum lease obligations as follows:

June 30,	
2021	$ 63,561
2022	56,987
2023	42,627
2024	21,576
Total	$ 184,751

Legal Matters
In the ordinary course of business, The Center may become subject to certain lawsuits and other potential legal actions. In the opinion of the management, such matters will not have a material effect on the financial position of The Center as of June 30, 2020 and 2019.

Grants and Contracts
The Center's grants and contracts are subject to inspections and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits, cannot be reasonably estimated. As of June 30, 2020 and 2019, no notice of any disallowance has been received.

Note 11 – AIDS Walk San Diego (AWSD)

During the fiscal year ended June 30, 2020, The Center received $319,118 in donations and grants to support The Center and the annual AIDS Walk San Diego event that takes place in September. The Center used these funds to pay $330,251 in expenses related to the event and then contributed $119,315 to several non-profit organizations providing HIV/AIDS related services.

During the fiscal year ended June 30, 2019, The Center received $333,573 in donations and grants to support The Center and the annual AIDS Walk San Diego event that takes place in September. The Center used these funds to pay $175,388 in expenses related to the event and then contributed $132,080 to several non-profit organizations providing HIV/AIDS related services. The $26,105 surplus was used to support The Center's HIV Services.

Note 12 – Notes Payable

Paycheck Protection Program
On May 5, 2020, The Center received a loan from the Paycheck Protection Program (PPP) in the amount of $865,022 with interest at 1% and maturity date of May 2, 2022. The loan deferment commenced on May 5, 2020 and ended on November 6, 2020. The Center applied for PPP loan forgiveness and received approval on March 6, 2021. As of June 30, 2020, no interest was accrued. The full amount of the loan is classified as current as the loan was forgiven on March 6, 2021.

Youth Housing Loans
On October 18, 2005, The Center secured permanent financing for the acquisition and rehabilitation of the Sunburst Apartments, located at 1640 Broadway, San Diego CA 92101. Permanent financing came in the form of loans from the Centre City Development Corporation (CCDC), the San Diego Housing Commission (SDHC), the County of San Diego Department of Housing and Community Development (HCD), The Center's General Fund (Private Loan), and a $50,000 equity position provided by The Center.

Centre City Development Corporation Loan
On October 18, 2005, The Center entered into a mortgage and security agreement with Centre City Development Corporation Loan (CCDC), in the amount of $2,544,746. The terms of the note include interest at 3% per annum with payment of principal and interest deferred and due on November 1, 2060. In March 2007, CCDC agreed to provide $230,000 of additional funds for the purposes of repaying The Center for its contribution of funds to the rehabilitation of the building of $120,000 and to cover the HUD-required loan flood insurance for the next ten years in the amount of $110,000. The note is secured by the apartment building. As a condition of the loan agreement with CCDC, The Center is required to operate the Sunburst Apartments for a period of 55 years as affordable housing for young adults, ages 18 to 24, who have a qualifying disability and are either homeless or at-risk of becoming homeless. Further, of the 23 units at the Sunburst Apartments, 8 of the apartments must be occupied by persons whose incomes are no greater than 30% of the Area Median Income (AMI), as published and adjusted annually by HUD. The remaining 15 units must be occupied by persons whose incomes are no greater than 50% AMI. These restrictions remain in place for 55 years, regardless of whether the loans are repaid early. Based upon a clarification letter provided by CCDC, dated April 27, 2009, accrued interest for this loan is not recorded, as CCDC considers this loan forgivable at maturity as long as The Center meets all other terms and conditions of the loan described above.

San Diego Housing Commission

On October 18, 2005, The Center entered into a mortgage and security agreement with San Diego Housing Commission (SDHC), in the amount of $934,000. The terms of the note include interest at 3% per annum with principal and interest payments deferred and due on October 18, 2060. The note is secured by the apartment building. As a condition of the loan agreement with SDHC, The Center is required to operate the Sunburst Apartments for a period of 55 years as affordable housing for young adults, ages 18 to 24, who have a qualifying disability and are either homeless or at-risk of becoming homeless. Further, of the 23 units at the Sunburst Apartments, 8 of the apartments must be occupied by persons whose incomes are no greater than 30% of the Area Median Income (AMI), as published and adjusted annually by HUD. The remaining 15 units must be occupied by persons whose incomes are no greater than 50% AMI. These restrictions remain in place for 55 years, regardless of whether the loans are repaid early.

On July 9, 2010, the San Diego Housing Commission (SDHC) approved a loan modification for The Center for the Youth Housing Project by reducing the interest from 3% to 0% for the $934,000 loan retroactively to the original loan date of October 20, 2005.

San Diego County Department of Housing & Community Development

On October 18, 2005, The Center entered into a mortgage and security agreement San Diego County Department of Housing & Community Development (HCD) in the amount of $400,000. The terms of the note include interest at 3% per annum with principal and interest payments deferred and due on October 18, 2060. The note is secured by the apartment building. As a condition of the loan agreement with HCD, The Center is required to operate 3 apartments at the Sunburst Apartments for a period of 55 years as affordable housing for young adults, ages 18 to 24, who have a confirmed diagnosis of HIV or AIDS and incomes no greater than 50% of the Area Median Income (AMI), as published and adjusted annually by HUD. These restrictions remain in place for 55 years, regardless of whether the loans are repaid early.

As of June 30, 2020, total loans outstanding were classified as follows:

	June 30, 2020
Current portion	$ 865,022
Long term portion	3,878,746
Total due	$ 4,743,768

All long term portions of the loans as of June 30, 2020 are due in 2060.

Note 13 – Accrued Interest

In accordance with the terms of the notes with HCD referenced in note 12, The Center accrued interest of 3% per annum for the interest payment that is deferred and due on October 18, 2060. Total amount accrued for interest as of June 30, 2020 and 2019 was $176,000 and $164,000, respectively.

Note 14 – Community Development Block Grant

On December 7, 2001, The Center entered into an agreement with the City of San Diego for a Community Development Block Grant (CDBG). This agreement was later expanded in March 2003, August 2003, March 2004, July 2004, October 2004, and July 2005 for a total grant value of $1,496,742. The general purpose of the CDBG was to remodel and improve The Center's existing facility at 3909 Centre Street, San Diego, California.

Terms of the agreement require The Center to: (1) file annual Summary of Information reports by August 1st of each year the organization is eligible for funds, (2) comply with various rules and regulations of the U.S. Department of Housing and Urban Development (HUD), (3) transfer remaining funds upon completion of the project to the City of San Diego, (4) dispose of the property in such a manner as to reimburse the City for its contribution to the improvements should the organization dispose of the property within twenty (20) years of the completion date of the project, and (5) use the facility for low and moderate income persons for a period not less than twenty (20) years from the completion of the project.

Note 15 – Youth Housing Project

On October 18, 2005, The Center entered into agreements with CCDC, SDHC and HCD. These agreements require The Center to operate the building located at 1640 Broadway, San Diego, California as housing for homeless youth for a period of at least fifty-five (55) years.

In accordance with these agreements, "Residual receipts" are calculated and a portion paid to the financing agencies annually. Residual receipts are the net operating income of the project minus repayment of the private loan. Residual receipts are calculated annually in January for the prior calendar year. The Center retains 50% of the residual receipts for the project; the remaining 50% of the residual receipts are paid to CCDC, SDHC, and HCD based upon their pro-rata share of the financing: 66% to CCDC, 24% to SDHC, and 10% to HCD. In accordance with The Center's agreement with CCDC, the payment to CCDC is then returned to The Center for deposit into a fund to pay ongoing operating expenses for the project; no such agreement exists with the other lenders.

For the twelve months ended December 31, 2019 and 2018, the Youth Housing Project had net income of $91,450 and $89,041 respectively before cash and replacement reserve of $4,800 for each year ended December 31, 2019 and 2018.

	2019	2018
Total Revenue	$ 206,286	$ 199,477
Total Expenses	114,836	110,436
NET INCOME	91,450	89,041
Cash Reserve	(1,200)	(1,200)
Replacement Reserve	(3,600)	(3,600)
Adjusted Residual Income	$ 86,650	$ 84,241

Note 16 – Employee Benefit Plan

The Center provides a 401(k) defined contribution plan (the Plan) for substantially all employees. In addition to employee contributions, The Center makes matching contribution to the Plan up to 2.5% of each participant's annual compensation. All Center employees who work at least 1,000 hours per year and are at least 21 years of age are eligible to participate. Contributions made by The Center to the Plan totaled $54,050 and $56,605 for the year ended June 30, 2020 and 2019, respectively.

Note 17 – Effect of Current Economic Conditions on Revenue and Support

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial positions, result of operations, and cash flows of The Center. The duration of these uncertainties and the ultimate financials effects cannot be reasonable estimated at this time.

The Center depends heavily on contributions, fundraising events and grants for its revenue. The ability of The Center to attract support comparable to prior years may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of donations to The Center. While the Center's Board of Directors believes The Center has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

Note 18 – Liquidity and Availability of Financial Assets

The following reflects The Center's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year.

		June 30, 2020
Financial assets as of:		
Cash and cash equivalents	$	2,893,386
Grants and other receivable, current portion		1,594,492
Endowment funds		650,673
Less contractual or donor-imposed restrictions:		
Donor restrictions for specific purpose		(902,612)
Endowment funds		(650,673)
Financial assets available to meet general expenditures within one year	$	3,585,266

As part of The Center's liquidity management, it will structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 19 – Subsequent Events

The financial statements were issued on and subsequent events were evaluated through April 28, 2021.

On March 6, 2021, The Center received notification that its PPP loan in the amount for $865,022 was forgiven.

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

(A NON-PROFIT ORGANIZATION)

SINGLE AUDIT REPORTS

JUNE 30, 2020

LICHTER, YU AND ASSOCIATES, INC.
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S 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*

To the Board of Directors
The San Diego Lesbian, Gay, Bisexual, and Transgender Community Center
San Diego, 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 Diego Lesbian, Gay, Bisexual, and Transgender Community Center (The Center), which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated April 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 a 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 material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on 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.

Luther, Yu & Associates

Woodland Hills, California
April 28, 2021

LICHTER, YU AND ASSOCIATES, INC.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited The San Diego Lesbian, Gay, Bisexual, and Transgender Community Center's (The Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Center's major federal programs for the year ended June 30, 2020. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Center's compliance.

Opinion on Each Major Federal Program

In our opinion, The Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of The Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Center's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Luther, Yu & Associates

Woodland Hills, California
April 28, 2021

THE SAN DIEGO LESBIAN, GAY, BISEXUAL AND TRANSGENDER COMMUNITY CENTER
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/ Federal Program or Cluster Title Pass-Through Grantor/ Grant Name	Grants Number	Federal CFDA Number		Federal Expenditures
MAJOR PROGRAMS				
U.S. Department of Health and Human Services				
County of San Diego				
HIV, STD & Hepatitis Branch of Public Health Services				
Ryan White Treatment Modernization Act Funds				
Clinical Quality Management - Project 41	556903	93.914	$	301,510
Pass-through Family Health Center				
Non-Medical Case Mgmt. - Project 106	559094	93.914	$	43,664
Mental Health Services Central - Project 111	559094	93.914	$	295,314
				640,488
U.S. Department of Justice				
Pass-through State of San Diego				
Cal Oes KE - Project 119	KE19 01 1307	16.575		329,691
Total Major Programs			**$**	**970,179**
NONMAJOR PROGRAMS				
U.S Department of Health and Human Services				
County of San Diego				
HIV, STD & Hepatitis Branch of Public Health Services				
Ryan White Treatment Modernization Act Funds				
Prevention Admin - Project 53	551106	93.940		147,960
Prevention Admin - Project 133	562137	93.940		15,902
				163,862
U.S. Department of Health and Human Services				
Pass-through Florida State University				
Scale It Up - Effectiveness - Implementation - 130	R000002542	93.865		61,921
U.S. Department of Health and Human Services				
Pass-through Family Health Center				
Prevention/P3 - Project 81	547305	93.914		9,230
Mental Health Services - Project 114	559094	93.914		24,127
Peer Services Navigation - Project 120	559094	93.914		28,428
Medical Case Management - Project 121	559094	93.914		35,376
				97,161
U.S. Department of Health and Human Services				
Pass-through Family Health Center				
Prevention/CDC - Project 102	PS17-1502	93.939		223,916
HIV Prevention YMSM - Project 108	PS17-1704	93.939		31,542
				255,458
		Total Forward		1,548,581

The accompanying notes are an integral part of the schedule of expenditures of federal awards

THE SAN DIEGO LESBIAN, GAY, BISEXUAL AND TRANSGENDER COMMUNITY CENTER
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/ Federal Program or Cluster Title Pass-Through Grantor/ Grant Name	Grants Number	Federal CFDA Number	Federal Expenditures
		Total Forward	$ 1,548,581
U.S. Department of Justice			
California Coalition Against Sexual Assault (CALCASA)			
COVID 19 Support to Victim Service Providers - Project 136	CO 19 011578	16.588	25,107
U.S. Department of Housing and Urban Development (HUD)			
Regional Task Force on The Homeless			
YHDP - Host Homes - 126	2019-YHDP-CEN-03	14.276	33,713
YHDP - Prevention and Diversion - 127	2019-YHDP-CEN-02	14.276	70,864
YHDP - Youth System Navigators - 128	2019-YHDP-CEN-01	14.276	43,057
			147,634
U.S. Department of Housing and Urban Development (HUD)			
County of San Diego			
General Mental Health - Project 09	536618	14.218	115,576
Pass-through San Diego Housing Commission			
Permanent Supportive Housing - Project 87	CA0534L9D011811	14.267	241,718
		Total Expenditure of Federal Awards	$ 2,078,616

The accompanying notes are an integral part of the schedule of expenditures of federal awards

Note A – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activities of The Center for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note B – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, either the cost principles contained in the Uniform Guidance or in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note C – Catalog of Federal Domestic Assistance (CFDA) Number

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2019 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word “unknown” were used.

Note D – Indirect Cost Rate

The Center elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

THE SAN DIEGO LESBIAN, GAY, BISEXUAL AND TRANSGENDER COMMUNITY CENTER
(A NON-PROFIT ORGANIZATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

Section 1 - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards:

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None reported
Type of auditor's report issued on compliance for major program	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes	X	No

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.914	Clinical Quality Management, Non-Meical Case Management and Mental Health Services Central
16.575	Cal Oes KE

Dollar Threshold Used to Distinguish between Type A and Type B Programs	$750,000			
Auditee qualifies as low-risk auditee?	X	Yes		No

Section 2 - Financial Statement Findings

No matters were reported.

Section 3 - Federal Award Findings and Questioned Costs

No matters were reported.

Section 4 - Auditee's summary schedule of prior audit findings required to be reported in accordance with 2 CFR 200.511(b)?

There were no findings or recommendations in the prior year that require follow-up in the current year.