

GLBT COMMUNITY CENTER OF CENTRAL FL, INC.
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2014 AND 2013

GLBT Community Center of Central FL, Inc. and Affiliates

Years Ended September 30, 2014 and 2013

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CARTER & COMPANY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
GLBT Community Center of Central FL, Inc. and Affiliates
Orlando, FL

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of GLBT Community Center of Central FL, Inc. and Affiliates, which comprise the consolidated financial position as of September 30, 2014 and 2013, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to GLBT Community Center of Central FL, Inc. and Affiliates' preparation and fair presentation of the consolidated 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 GLBT Community Center of Central FL, Inc. and Affiliates' 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of GLBT Community Center of Central FL, Inc. and Affiliates as of September 30, 2014 and 2013, and the results of its statements of activities, changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Destin, Florida
April 24, 2015

Carter & Company

GLBT COMMUNITY CENTER OF CENTRAL FL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	September 30,	
	<u>2014</u>	<u>2013</u>
	<u>ASSETS</u>	
CURRENT ASSETS		
Cash	\$ 62,350	\$ 45,440
Restricted Cash	2,483	1,267
Grant Receivable	5,417	12,467
Accounts Receivable	18,455	2,700
Prepaid Expenses	<u>2,605</u>	<u>8,285</u>
TOTAL CURRENT ASSETS	91,310	70,159
PROPERTY AND EQUIPMENT (NOTE 3)		
Property and Equipment	378,934	669,423
Less: Accumulated Depreciation	<u>(114,039)</u>	<u>(236,431)</u>
TOTAL PROPERTY AND EQUIPMENT	264,895	432,992
OTHER ASSETS		
Financing Fees, net	0	5,175
Deposits	<u>1,224</u>	<u>1,419</u>
	1,224	6,594
TOTAL ASSETS	<u>\$ 357,429</u>	<u>\$ 509,745</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES		
Mortgage Payable	\$ 61,411	\$ 328,578
Accounts Payable	0	5,930
Accrued Liabilities	3,204	21,058
Security Deposits	<u>1,500</u>	<u>1,500</u>
TOTAL LIABILITIES	66,115	357,066
NET ASSETS		
Unrestricted	283,414	138,945
Temporarily restricted	<u>7,900</u>	<u>13,734</u>
	291,314	152,679
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 357,429</u>	<u>\$ 509,745</u>

The Notes to Consolidated Financial Statements are an integral part of these Statements.

GLBT COMMUNITY CENTER OF CENTRAL FL, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITY

YEAR ENDED SEPTEMBER 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Rental Income	\$ 40,653	\$ 0	\$ 40,653
Special Event	53,237	0	53,237
Contributions	41,260	0	41,260
Grants	0	99,650	99,650
Membership Dues	22,328	0	22,328
In-Kind	132,857	0	132,857
Program Income	21,247	0	21,247
Other Income	9,051	0	9,051
	<u>320,633</u>	<u>99,650</u>	<u>420,283</u>
OTHER REVENUE:			
Sale of fixed asset	<u>106,177</u>	<u>0</u>	<u>106,177</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>426,810</u>	<u>99,650</u>	<u>526,460</u>
EXPENSES			
Program Services	199,703	105,484	305,187
Management and General	41,869	0	41,869
Fundraising	40,769	0	40,769
	<u>282,341</u>	<u>105,484</u>	<u>387,825</u>
TOTAL EXPENSES			
CHANGE IN NET ASSETS	144,469	(5,834)	138,635
NET ASSETS - Beginning of Year	<u>138,945</u>	<u>13,734</u>	<u>152,679</u>
NET ASSETS - End of Year	<u>\$ 283,414</u>	<u>\$ 7,900</u>	<u>\$ 291,314</u>

The Notes to Consolidated Financial Statements are an integral part of these Statements.

GLBT COMMUNITY CENTER OF CENTRAL FL, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITY - CONTINUED

YEAR ENDED SEPTEMBER 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Rental Income	\$ 59,218	\$ 0	\$ 59,218
Special Event	69,544	0	69,544
Contributions	47,263	0	47,263
Grants	0	93,350	93,350
Membership Dues	27,756	0	27,756
In-Kind	46,842	0	46,842
Program Income	1,875	0	1,875
Other Income	<u>5,180</u>	<u>0</u>	<u>5,180</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>257,678</u>	<u>93,350</u>	<u>351,028</u>
EXPENSES			
Program Services	169,459	88,049	257,508
Management and General	29,633	0	29,633
Fundraising	<u>10,454</u>	<u>0</u>	<u>10,454</u>
TOTAL EXPENSES	209,546	88,049	297,595
CHANGE IN NET ASSETS	48,132	5,301	53,433
NET ASSETS - Beginning of Year	<u>90,813</u>	<u>8,433</u>	<u>99,246</u>
NET ASSETS - End of Year	<u>\$ 138,945</u>	<u>\$ 13,734</u>	<u>\$ 152,679</u>

The Notes to Consolidated Financial Statements are an integral part of these Statements.

GLBT COMMUNITY CENTER OF CENTRAL FL, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2014

	Support Services		
	Program Services	General and Administrative	Fundraising
			Total
Amortization	\$ 0	0	\$ 0
Contract Repairs	2,882	200	3,182
Depreciation	11,122	773	12,282
Education & Training Expense	1,842	861	2,761
Fundraising Expense	0	0	30,387
Insurance	12,653	880	13,973
Interest	0	20,572	20,572
Banking	91	2,053	3,110
Income Tax	0	1,062	1,062
Marketing	135,024	0	138,054
Membership	0	0	710
Occupancy	6,352	442	7,015
Office Supplies	20,183	1,287	22,114
Personal Expense	9,847	770	11,002
Professional Fees	3,170	4,201	7,371
Rent	2,039	2,038	4,153
Salaries	89,216	6,072	98,324
Telephone and Internet	2,689	187	2,969
Utilities	8,077	471	8,784
	<u>\$ 305,187</u>	<u>\$ 41,869</u>	<u>\$ 40,769</u>
TOTAL EXPENSES			<u>\$ 387,825</u>

The Notes to Consolidated Financial Statements are an integral part of these Statements.

GLBT COMMUNITY CENTER OF CENTRAL FL, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED

YEAR ENDED SEPTEMBER 30, 2013

	<u>Support Services</u>		
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
	Total	Total	Total
Amortization	\$ 405	\$ 48	\$ 24
Contract Repairs	4,178	337	169
Depreciation	27,278	1,267	633
Education & Training Expense	1,477	724	709
Fundraising Expense	16,021	0	1,657
Insurance	10,691	863	432
Interest	21,754	3,599	878
Banking	0	3,150	0
Income Tax	2,852	230	115
Marketing	56,512	0	1,180
Membership	1,088	0	0
Occupancy	5,995	484	243
Office Supplies	11,533	938	468
Personal Expense	9,909	878	439
Professional Fees	0	10,100	0
Rent	2,698	218	109
Salaries	75,869	6,050	3,025
Telephone and Internet	2,148	174	86
Utilities	7,100	573	287
TOTAL EXPENSES	<u>\$ 257,508</u>	<u>\$ 29,633</u>	<u>\$ 10,454</u>
			<u>\$ 297,595</u>

The Notes to Consolidated Financial Statements are an integral part of these Statements.

GLBT COMMUNITY CENTER OF CENTRAL FL, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	September 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 138,635	\$ 53,433
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (used) by Operating Activities:		
Depreciation	12,282	29,178
Amortization	0	478
Loss on sale of Asset	(106,177)	0
(Increase) decrease in Assets:		
Accounts Receivable	(8,510)	(3,064)
Prepaid Expenses	5,680	(2,397)
Increase (Decrease) in Liabilities:		
Accounts Payable	(5,930)	(1,956)
Accrued Liabilities	(17,854)	(23,203)
Net Cash Provided (Used) by Operating Activities	<u>18,126</u>	<u>52,469</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Financing Fees	0	(5,653)
Fixed Assets	<u>0</u>	<u>(10,250)</u>
	0	(15,903)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Proceeds	267,167	7,522
Repayments on Mortgage from Sale Proceeds	<u>(267,167)</u>	<u>(6,539)</u>
	0	983
NET DECREASE IN CASH	18,126	37,549
CASH - BEGINNING OF YEAR	<u>46,707</u>	<u>9,158</u>
CASH - END OF YEAR	<u>\$ 64,833</u>	<u>\$ 46,707</u>
SUPPLEMENTAL DISCLOSURE		
Interest paid	<u>\$ 19,716</u>	<u>\$ 22,747</u>

The Notes to Consolidated Financial Statements are an integral part of these Statements.

September 30, 2014 and 2013

Note 1 – Organization

GLBT Community Center of Central FL, Inc. ("GLBT"), is incorporated as a nonprofit corporation under the laws of the State of Florida on November 27, 1978. The Orlando Center, Inc. ("OCI") is a wholly owned Subchapter S corporation providing leased facilities to third parties. These two organizations are collectively referred to in the consolidated financial statements as "the Center".

The Center was formed to help nurture and grow the Gay, Lesbian, Bisexual and Transgender Community in all its aspects, individually and collectively, by providing support, educational, social, referral and other services. The mission of the Center is to promote and empower individuals and groups through information, education, advocacy and support. The Center is managed by dedicated volunteers, staff and board of directors and supported primarily through private donors, grants and rental income.

Note 2 – Principles of Consolidation

The accompanying consolidated financial statements include GLBT and OCI. All significant intercompany transactions have been eliminated upon consolidation.

Note 3 – Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements of the Center have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles in the United States of America.

Consolidated Financial Statement Presentation

The Center has adopted the Financial Accounting Standards Board Accounting Standard, *Not-for-Profit Entities - Presentation of Financial Statements*. Under this standard, the Center is required to report information regarding its financial position and activities according to three classes of net assets:

- *Unrestricted net assets* - Resources not subject to donor-imposed stipulations. The Center's unrestricted net assets consist of operating funds available for any purpose authorized by the board of directors.
- *Temporarily restricted net assets* - Resources subject to donor-imposed stipulations that may be met by actions of the Center and/or the passage of time.
- *Permanently restricted net assets* - Resources subject to donor-imposed stipulations requiring that they be maintained permanently by the Center. As of September 30, 2014 and 2013, the Center had no permanently restricted assets.

Revenue Recognition

The Center recognizes grants, contracts, and gifts of cash or other assets as restricted support if they are received with grantor or donor stipulations that limit the use of the donated assets. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions when a grantor or donor restriction expires, or when a stipulated time restriction ends, or the purpose of restriction is accomplished.

Note 3 – Summary of Significant Accounting Policies - continued

Property and Equipment

It is the Center's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost or, if donated, at the estimated fair value at the date of donations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Functional Expenses

The costs of providing various services have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the services benefited. The Center allocates its expenses on a functional basis to its programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are primarily allocated based on the amount of employee time involved.

Tax Status

GLBT is classified as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. GLBT has adopted the provisions of FASB ASC Topic 740, *Accounting for Uncertainty in Income Taxes*, which requires financial statement recognition and disclosure for uncertain tax positions taken or expected to be taken in a tax return. The implementation had no impact on the statement of financial position or statement of activities. GLBT does not believe its consolidated financial statements include any uncertain tax positions. Tax expense related to non business related income is calculated and paid each year. Tax years as of September 30, 2014 open for examination include years ended 2011, 2012 and 2013.

For the years ended September 30, 2014 and 2013, tax expense on non-business related income is \$1,062 and \$3,197, respectively.

OCI is a Subchapter S corporation wholly owned by GLBT. OCI also follows the provisions of FASB ASC Topic 740, *Accounting for Uncertainty in Income Taxes*. As of September 30, 2014, OCI had no uncertain tax positions that qualify for disclosure in the consolidated financial statements. GLBT and OCI's tax returns for 2009 and subsequent remain subject to examination by tax authorities.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising expense for the years ended September 30, 2014 and 2013 were \$12,058 and \$15,614, respectively.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers all highly-liquid investments available for use with an original maturity of three months or less to be classified as cash equivalents.

Estimates

In preparing its consolidated financial statements, management makes estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

GLBT COMMUNITY CENTER OF CENTRAL FL, INC. AND AFFILIATES

September 30, 2014 and 2013

Note 3 – Summary of Significant Accounting Policies - continued

Impairment

The Center is subject to the provisions of FASB *ASC* 360-10-35, *Impairment or Disposal of Long-Lived Assets*. This standard has no retroactive impact on the Center's financial statements. The standard requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and when the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. Impairment losses were not recognized during the years ended September 30, 2014 and 2013.

Contributed Services

During the years ended September 30, 2014 and 2013, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Note 4 – Property and Equipment

Property and equipment at September 30, consist of the following:

	<u>2014</u>	<u>2013</u>
Land	\$ 125,800	\$ 175,800
Buildings and Improvements	250,739	491,228
Furniture, Equipment and Vehicles	<u>2,395</u>	<u>2,395</u>
	378,934	669,423
Less: Accumulated Depreciation	<u>(114,039)</u>	<u>(236,431)</u>
	<u>\$ 264,895</u>	<u>\$ 432,992</u>

Depreciation expense totaled \$12,282 and \$29,178 for the years ended September 30, 2014 and 2013.

On January 3, 2014, the Center sold property for approximately \$268,000, which exceeds the net book value. The proceeds were used to pay the outstanding mortgage. As a result of this transaction, a gain of \$106,177 has been recorded.

Note 5 – Mortgage Payable

The first mortgage payable is due to a private individual and is secured by a deed of trust on the buildings. The note bears interest at eight percent per annum. Principal and interest were payable in equal monthly installments of \$3,473 with a final balloon payment due February 2013.

The mortgage was refinanced with Morningside Capital in February 2013 with an interest rate of six percent. Interest only payments of \$1,643 are payable monthly with a balloon payment due March 2018. Proceeds of \$267,167 from the sale of property were applied to the principal during 2014. The balance is \$61,411 at September 30, 2014.

Note 6 – In-Kind

In-Kind contributions are recorded based on estimated value on the date of receipt. In-Kind revenues for the years ended September 30, 2014 and 2013 were \$132,857 and \$46,842, respectively.

Notes to Consolidated Financial Statements - continued

GLBT COMMUNITY CENTER OF CENTRAL FL, INC. AND AFFILIATES

September 30, 2014 and 2013

Note 7 – Net Assets - Temporarily Restricted

Temporarily restricted net assets at September 30, are as follows:

	<u>2014</u>	<u>2013</u>
Restricted Cash	\$ 2,483	\$ 1,267
Grant Receivable	<u>5,417</u>	<u>12,467</u>
	<u>\$ 7,900</u>	<u>\$ 13,734</u>

Note 8 – Concentration of Program Fees

The Center's primary source of revenue (62 percent) is through third party rental contracts and a grant from the State of Florida.

Note 9 – Subsequent Event

Management has evaluated subsequent events through April 24, 2015, which is the date the consolidated financial statements are available for issuance.