

GLBT Community Center of Central FL, Inc.
And Affiliates

Consolidated Financial Statements

December 31, 2016 and 2015

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GLBT Community Center of Central FL, Inc. and Affiliates

December 31, 2016 and 2015

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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 December 31, 2016 and 2015, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 December 31, 2016 and 2015, 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 17, 2017

Carter & Company

GLBT Community Center of Central FL, Inc. and Affiliates

Consolidated Statements of Financial Position

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 1,011,967	\$ 89,931
Grant Receivable	35,443	5,417
Prepaid Expenses	<u>4,663</u>	<u>3,674</u>
TOTAL CURRENT ASSETS	1,052,073	99,022
PROPERTY AND EQUIPMENT (NOTE 4)		
Property and Equipment	517,911	536,842
Less: Accumulated Depreciation	<u>(137,449)</u>	<u>(126,109)</u>
TOTAL PROPERTY AND EQUIPMENT	380,462	410,733
OTHER ASSETS		
Financing Fees, net	0	3,833
Deposits	<u>1,823</u>	<u>1,823</u>
TOTAL OTHER ASSETS	1,823	5,656
 TOTAL ASSETS	 <u>\$ 1,434,358</u>	 <u>\$ 515,411</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 4,157	\$ 690
TOTAL CURRENT LIABILITIES	4,157	690
LONG TERM LIABILITIES		
Note Payable	95,559	119,449
Line of Credit	<u>0</u>	<u>190,000</u>
TOTAL LONG TERM LIABILITIES	95,559	309,449
TOTAL LIABILITIES	99,716	310,139
NET ASSETS		
Unrestricted	1,300,138	199,855
Temporarily restricted	<u>34,504</u>	<u>5,417</u>
	1,334,642	205,272
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,434,358</u>	<u>\$ 515,411</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

December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Special Event	\$ 20,637	\$ 0	\$ 20,637
Contributions	1,325,128	16,151	1,341,279
Grants	0	138,676	138,676
Membership Dues	10,815	0	10,815
In-Kind	120,882	0	120,882
Program Income	26,325	0	26,325
Other Income	5,999	0	5,999
TOTAL REVENUES AND OTHER SUPPORT	<u>1,509,786</u>	<u>154,827</u>	<u>1,664,613</u>
EXPENSES			
Program Services	260,205	125,740	385,945
Management and General	141,964	0	141,964
Fundraising	7,334	0	7,334
TOTAL EXPENSES	409,503	125,740	535,243
CHANGE IN NET ASSETS	1,100,283	29,087	1,129,370
NET ASSETS - Beginning of Year	<u>199,855</u>	<u>5,417</u>	<u>205,272</u>
NET ASSETS - End of Year	<u>\$ 1,300,138</u>	<u>\$ 34,504</u>	<u>\$ 1,334,642</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

December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Special Event	\$ 33,736	\$ 0	\$ 33,736
Contributions	38,272	0	38,272
Grants	0	94,700	94,700
Membership Dues	22,841	0	22,841
In-Kind	123,472	0	123,472
Program Income	6,433	0	6,433
Other Income	5,311	0	5,311
TOTAL REVENUES AND OTHER SUPPORT	<u>230,065</u>	<u>94,700</u>	<u>324,765</u>
EXPENSES			
Program Services	179,767	96,828	276,595
Management and General	120,061	0	120,061
Fundraising	9,266	0	9,266
TOTAL EXPENSES	<u>309,094</u>	<u>96,828</u>	<u>405,922</u>
CHANGE IN NET ASSETS	(79,029)	(2,128)	(81,157)
NET ASSETS - Beginning of Year	<u>278,884</u>	<u>7,545</u>	<u>286,429</u>
NET ASSETS - End of Year	<u>\$ 199,855</u>	<u>\$ 5,417</u>	<u>\$ 205,272</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 Functional Expenses

December 31, 2016

	<u>Support Services</u>		
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
	\$	\$	\$
Amortization	0	3,833	0
Contract Repairs	1,470	0	0
Depreciation	11,340	0	0
Education & Training Expense	943	21,213	0
Fundraising Expense	1,600	663	4,943
Insurance	0	9,102	0
Interest	0	7,442	0
Banking	0	7,344	11
Marketing	91,533	45,023	1,492
Occupancy	11,044	1,766	500
Office Supplies	9,663	8,435	388
Personal Expense	11,647	1,858	0
Professional Fees	0	10,861	0
Program Expenses	76,598	0	0
Salaries	153,020	23,301	0
Telephone and Internet	3,371	1,123	0
Utilities	13,716	0	0
	<u>\$ 385,945</u>	<u>\$ 141,964</u>	<u>\$ 7,334</u>
TOTAL EXPENSES		<u>\$ 535,243</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 Functional Expenses – continued

December 31, 2015

	<u>Support Services</u>		
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
	\$	\$	\$
Amortization	0	767	0
Contract Repairs	3,154	66	0
Depreciation	13,342	0	0
Education & Training Expense	2,660	5,683	0
Fundraising Expense	0	0	5,456
Insurance	0	8,283	0
Interest	0	5,061	0
Banking	0	2,205	1,100
Income Tax	0	23,922	0
Marketing	95,723	32,643	2,229
Membership	0	0	481
Occupancy	6,071	676	0
Office Supplies	18,173	5,344	0
Personal Expense	10,610	1,576	0
Professional Fees	0	10,568	0
Rent	3,948	0	0
Salaries	106,472	19,055	0
Telephone and Internet	0	4,278	0
Utilities	16,442	0	0
	<u>\$ 276,595</u>	<u>\$ 120,061</u>	<u>\$ 9,266</u>
TOTAL EXPENSES			<u>\$ 405,922</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

	December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 1,129,370	\$ (81,157)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (used) by Operating Activities:		
Depreciation	11,340	13,342
Amortization	3,833	767
(Increase) decrease in Assets:		
Accounts Receivable and Other	(31,015)	(3,371)
Increase (Decrease) in Liabilities:		
Accounts Payable	3,467	(3,255)
Accrued Liabilities	<u>0</u>	<u>(285)</u>
Net Cash Provided (Used) by Operating Activities	1,116,995	(73,959)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Financing Fees	0	(4,600)
Fixed Assets	<u>18,931</u>	<u>(157,326)</u>
Net Cash Provided (Used) by Investing Activities	18,931	(161,926)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment on Line of Credit	(190,000)	190,000
Repayment on Note Payable	(23,890)	119,449
Repayment on Mortgage	<u>0</u>	<u>(44,932)</u>
Net Cash Provided (Used) by Financing Activities	(213,890)	264,517
NET INCREASE IN CASH	922,036	28,632
CASH - BEGINNING OF YEAR	<u>89,931</u>	<u>61,299</u>
CASH - END OF YEAR	<u>\$ 1,011,967</u>	<u>\$ 89,931</u>
SUPPLEMENTAL DISCLOSURE		
Interest paid	<u>\$ 7,442</u>	<u>\$ 5,023</u>

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

Notes to Consolidated Financial Statements

GLBT Community Center of Central FL, Inc. and Affiliates

December 31, 2016 and 2015

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 December 31, 2016 and 2015, 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.

Notes to Consolidated Financial Statements - continued

GLBT Community Center of Central FL, Inc. and Affiliates

December 31, 2016 and 2015

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 December 31, 2016 open for examination include years ended 2013, 2014 and 2015.

For the year ended December 31, 2016, incurred tax expense on non-business related income was \$0.

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 December 31, 2016, 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.

Concentration of Credit Risk

Financial instruments that potentially expose the Center to concentrations of credit and market risk consist primarily of cash equivalents and restricted deposits. The cash equivalents and restricted deposits are maintained at large financial institutions and are insured by the Federal Deposit Insurance Corporation (FDIC). The limits of FDIC insurance are in excess of \$250,000 for the Center. As of December 31, 2016 funds in excess of insured limits totaled \$759,188. The Center has not historically experienced any losses on its cash equivalents or restricted deposits.

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.

Notes to Consolidated Financial Statements - continued

GLBT Community Center of Central FL, Inc. and Affiliates

December 31, 2016 and 2015

Note 3 – Summary of Significant Accounting Policies - continued

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising expense for the year ended December 31, 2016 and 2015 were \$17,166 and \$7,722, respectively. (Note 8).

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.

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 December 31, 2016 and 2015.

Contributed Services

During the years ended December 31, 2016 and 2015, 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 consist of the following:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Land	\$ 125,800	\$ 125,800
Buildings and Improvements	381,628	406,559
Furniture, Equipment and Vehicles	<u>10,483</u>	<u>4,483</u>
	517,911	536,842
Less: Accumulated Depreciation	<u>(137,449)</u>	<u>(126,109)</u>
	<u>\$ 380,462</u>	<u>\$ 410,733</u>

Depreciation expense totaled \$11,340 and \$13,342 for the year ended December 31, 2016 and 2015, respectively.

Notes to Consolidated Financial Statements - continued

GLBT Community Center of Central FL, Inc. and Affiliates

December 31, 2016 and 2015

Note 5 – Mortgage Payable

A mortgage with Morningside Capital was obtained in February 2013 with an interest rate of six percent. Interest only payments of \$1,643 were 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 was repaid by a line of credit in June 2015 (Note 6).

Note 6 – Line of Credit

During 2015 the Center obtained a line of credit up to \$190,000 secured by the property for three years with a floating rate of prime plus 2.50%. The balance at December 31, 2016 and 2015 was \$0 and \$190,000, respectively. The line of credit was paid off in 2016.

Deferred loan costs of \$4,600 were incurred in connection with the line of credit obtained during and are amortized over the term of the loan. During 2016, the costs were written off as line of credit was repaid.

Note 7 – CDBG Loan Agreement

During 2015, the Center obtained a Community Development Block Grant promissory note (the “Agreement”) from the City of Orlando (the “City”) for a total amount of \$147,563. The note bears no interest and is due September 2020. The purpose of the grant is for the Center to renovate certain property and continue to use the property as described in the Agreement. If the Center fails to comply, the City can demand repayment and take possession of the property. If the Center fully complies over the five-year period, the note will be forgiven as described in the Agreement. The balance at December 31, 2016 and 2015 was \$95,559 and \$119,449, respectively.

Note 8 – In-Kind

In-Kind contributions are recorded based on estimated value on the date of receipt. In-Kind revenues for the year ended December 31, 2016 and 2015 were \$120,882 and \$123,472, respectively, which include advertising.

Note 9 – Net Assets - Temporarily Restricted

Temporarily restricted net assets are as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Designated Funds	\$ <u>34,504</u>	\$ <u>5,417</u>
	<u>\$ 34,504</u>	<u>\$ 5,417</u>

Note 10 – Related Party

During the year ended December 31, 2016 and 2015, the Center had transactions with a related party. Quintairos, Prieto, Wood & Boyer, PA which employs a board member. As of December 31, 2016 and 2015, the Center made payments for legal services totaling \$5,361 and \$4,850, respectively.

Note 11 – Subsequent Event

Management has evaluated subsequent events through April 17, 2017, which is the date the consolidated financial statements are available for issuance.