

GLBT COMMUNITY CENTER OF CENTRAL FL, INC.
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

GLBT Community Center of Central FL, Inc. and Affiliates

December 31, 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, 2015, and the related consolidated statements of activities, functional expenses and cash flows for the year 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 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, 2015, and the results of its statements of activities, changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Carter & Company

Destin, Florida
September 7, 2016

GLBT COMMUNITY CENTER OF CENTRAL FL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

<u>ASSETS</u>	
CURRENT ASSETS	
Cash	\$ 89,931
Grant Receivable	5,417
Prepaid Expenses	<u>3,674</u>
TOTAL CURRENT ASSETS	99,022
PROPERTY AND EQUIPMENT (NOTE 4)	
Property and Equipment	536,842
Less: Accumulated Depreciation	<u>(126,109)</u>
TOTAL PROPERTY AND EQUIPMENT	410,733
OTHER ASSETS	
Financing Fees, net	3,833
Deposits	<u>1,823</u>
TOTAL OTHER ASSETS	5,656
 TOTAL ASSETS	 <u>\$ 515,411</u>
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Accounts Payable	\$ <u>690</u>
TOTAL CURRENT LIABILITIES	690
LONG TERM LIABILITIES	
Note Payable	119,449
Line of Credit	<u>190,000</u>
TOTAL LONG TERM LIABILITIES	309,449
TOTAL LIABILITIES	310,139
NET ASSETS	
Unrestricted	199,855
Temporarily restricted	<u>5,417</u>
	205,272
TOTAL LIABILITIES AND NET ASSETS	<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, 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	<u>5,311</u>	<u>0</u>	<u>5,311</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>230,065</u>	<u>94,700</u>	<u>324,765</u>
EXPENSES			
Program Services	109,595	96,828	206,423
Management and General	198,249	0	198,249
Fundraising	<u>1,250</u>	<u>0</u>	<u>1,250</u>
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 STATEMENT OF FUNCTIONAL EXPENSES

DECEMBER 31, 2015

	<u>Support Services</u>			
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Amortization	\$ 767	0	0	\$ 767
Contract Repairs	3,088	66	0	3,154
Depreciation	13,342	0	0	13,342
Education & Training Expense	5,683	2,660	0	8,343
Fundraising Expense	3,493	713	1,250	5,456
Insurance	8,283	0	0	8,283
Interest	5,061	0	0	5,061
Banking	3,305	0	0	3,305
Income Tax	23,922	0	0	23,922
Marketing	5,244	125,351	0	130,595
Membership	481	0	0	481
Occupancy	6,747	0	0	6,747
Office Supplies	6,346	17,171	0	23,517
Personal Expense	8,046	4,140	0	12,186
Professional Fees	9,168	1,400	0	10,568
Rent	1,455	2,493	0	3,948
Salaries	73,823	51,704	0	125,527
Telephone and Internet	4,278	0	0	4,278
Utilities	15,717	725	0	16,442
TOTAL EXPENSES	<u>\$ 198,249</u>	<u>\$ 206,423</u>	<u>\$ 1,250</u>	<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, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ (81,157)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (used) by Operating Activities:	
Depreciation	13,342
Amortization	767
(Increase) decrease in Assets:	
Accounts Receivable and Other	(3,371)
Increase (Decrease) in Liabilities:	
Accounts Payable	(3,255)
Accrued Liabilities	<u>(285)</u>
Net Cash Provided (Used) by Operating Activities	(73,959)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Financing Fees	(4,600)
Fixed Assets	<u>(157,326)</u>
Net Cash Provided (Used) by Investing Activities	(161,926)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from Line of Credit	190,000
Proceeds from Note Payable	119,449
Repayments on Mortgage	<u>(44,932)</u>
Net Cash Provided (Used) by Financing Activities	264,517
NET INCREASE IN CASH	28,632
CASH - BEGINNING OF YEAR	<u>61,299</u>
CASH - END OF YEAR	<u>\$ 89,931</u>
SUPPLEMENTAL DISCLOSURE	
Interest paid	<u>\$ 5,023</u>

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

December 31, 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, 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.

GLBT COMMUNITY CENTER OF CENTRAL FL, INC. AND AFFILIATES

December 31, 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, 2015 open for examination include years ended 2012, 2013 and 2014.

For the year ended December 31, 2015, 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, 2015, 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 year ended December 31, 2015 was \$7,722. (Note 8).

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.

Loan Costs

Deferred loan costs of \$4,600 were incurred in connection with the line of credit obtained during 2015 (Note 6) and are amortized over the term of the loan.

GLBT COMMUNITY CENTER OF CENTRAL FL, INC. AND AFFILIATES

December 31, 2015

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 year ended December 31, 2015.

Contributed Services

During the year ended December 31, 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 at December 31, 2015 consist of the following:

Land	\$	125,800
Buildings and Improvements		406,559
Furniture, Equipment and Vehicles		<u>4,483</u>
		536,842
Less: Accumulated Depreciation		<u>(126,109)</u>
	\$	<u>410,733</u>

Depreciation expense totaled \$13,342 for the year ended December 31, 2015.

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 was repaid by a new 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, 2015 was \$190,000.

Notes to Consolidated Financial Statements - continued

GLBT COMMUNITY CENTER OF CENTRAL FL, INC. AND AFFILIATES

December 31, 2015

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, 2015 was \$119,449.

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, 2015 were \$123,472 which included advertising.

Note 9 – Net Assets - Temporarily Restricted

Temporarily restricted net assets at December 31, 2015 are as follows:

Grant Receivable	\$ <u>5,417</u>
	\$ <u>5,417</u>

Note 10 – Related Party

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

Note 11 – Subsequent Event

Management has evaluated subsequent events through September 7, 2016, which is the date the consolidated financial statements are available for issuance.