

LGBT + Center Orlando, Inc.

Financial Statements

December 31, 2018 and 2017

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LGBT + Center Orlando, Inc.

December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
LGBT + Center Orlando, Inc.
Orlando, FL

Report on the Financial Statements

We have audited the accompanying financial statements of LGBT + Center Orlando, Inc., which comprise the financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years 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; 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 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 financial statements are free of 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 LGBT + Center Orlando, Inc.'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 LGBT + Center Orlando, Inc.'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 LGBT + Center Orlando, Inc. as of December 31, 2018 and 2017, and the results of its changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Adoption of New Accounting Guidance

As discussed in Note 2 to the financial statements, during 2018 LGBT + Center Orlando, Inc. retrospectively adopted new accounting guidance related to the presentation of financial statements of not-for-profit organizations. The organization opted not to disclose the liquidity and availability information for 2017 as permitted under the ASU in the year of adoption. Our opinion is not modified with respect to this matter.

Destin, Florida
June 12, 2019

The logo for Carter & Company, featuring the company name in a stylized, handwritten-style font.

Statements of Financial Position

LGBT + Center Orlando, Inc.

ASSETS

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 133,486	\$ 710,835
Grant Receivable	0	5,417
Donations Receivable	0	11,059
Prepaid Expenses	1,825	5,591
Total Current Assets	<u>135,311</u>	<u>732,902</u>
<u>PROPERTY AND EQUIPMENT</u>		
Property and Equipment	1,085,237	755,719
Less: Accumulated Depreciation	(190,252)	(159,066)
Net Property and Equipment	<u>894,985</u>	<u>596,653</u>
<u>OTHER ASSETS</u>		
Deposits	<u>1,824</u>	<u>1,824</u>
TOTAL ASSETS	<u>\$ 1,032,120</u>	<u>\$ 1,331,379</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Unrelated Business Income Tax Payable	\$ 0	\$ 67,975
Accounts Payable	0	7,500
Accrued Wages Payable	6,897	0
Total Current Liabilities	<u>6,897</u>	<u>75,475</u>
<u>LONG TERM LIABILITIES</u>		
CDBG Promissory Note	<u>47,779</u>	<u>71,669</u>
Total Liabilities	54,676	147,144
<u>NET ASSETS</u>		
Without Donor Restrictions	977,444	1,154,892
With Donor Restrictions	0	29,343
	<u>977,444</u>	<u>1,184,235</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,032,120</u>	<u>\$ 1,331,379</u>

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

Statements of Activities

LGBT + Center Orlando, Inc.

For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT</u>			
Special Events	\$ 60,512	\$ 0	\$ 60,512
Contributions	74,102	0	74,102
Grants	10,499	131,762	142,261
Membership Dues	16,564	0	16,564
Program Income	0	1,325	1,325
Other Income	12,624	0	12,624
TOTAL REVENUES AND OTHER SUPPORT	<u>174,301</u>	<u>133,087</u>	<u>307,388</u>
<u>OPERATING EXPENSES</u>			
Program Services	24,181	162,430	186,611
Management and General	270,406	0	270,406
Fundraising	53,392	0	53,392
TOTAL OPERATING EXPENSES	347,979	162,430	510,409
<u>OTHER EXPENSES</u>			
Unrelated Business Income Tax Expense	3,770	0	3,770
CHANGE IN NET ASSETS (DEFICIT)	(177,448)	(29,343)	(206,791)
NET ASSETS (DEFICIT) - Beginning of the Year	<u>1,154,892</u>	<u>29,343</u>	<u>1,184,235</u>
NET ASSETS (DEFICIT) - End of the Year	<u>\$ 977,444</u>	<u>\$ 0</u>	<u>\$ 977,444</u>

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

Statements of Activities - continued

LGBT + Center Orlando, Inc.

For the Year Ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT</u>			
Special Events	\$ 21,137	\$ 0	\$ 21,137
Contributions	108,983	8,223	117,206
Grants	35,000	131,184	166,184
Membership Dues	5,346	0	5,346
In-Kind	109,709	0	109,709
Program Income	1,339	450	1,789
Other Income	5,325	0	5,325
TOTAL REVENUES AND OTHER SUPPORT	<u>286,839</u>	<u>139,857</u>	<u>426,696</u>
<u>EXPENSES</u>			
Program Services	117,190	155,371	272,561
Management and General	218,016	0	218,016
Fundraising	18,551	0	18,551
TOTAL EXPENSES	353,757	155,371	509,128
<u>OTHER EXPENSES</u>			
Unrelated Business Income Tax Expense	67,975	0	67,975
TOTAL OTHER EXPENSES	67,975	0	67,975
CHANGE IN NET ASSETS (DEFICIT)	(134,893)	(15,514)	(150,407)
NET ASSETS (DEFICIT) - Beginning of the Year	<u>1,289,785</u>	<u>44,857</u>	<u>1,334,642</u>
NET ASSETS (DEFICIT) - End of the Year	<u>\$ 1,154,892</u>	<u>\$ 29,343</u>	<u>\$ 1,184,235</u>

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

Statements of Functional Expenses

LGBT + Center Orlando, Inc.

For the Year Ended December 31, 2018

	Program Services	Support Services		Total
		General and Administrative	Fundraising	
<u>OPERATING EXPENSES</u>				
Salaries	\$ 99,573	\$ 179,744	\$ 0	\$ 279,317
Facility Expenses	4,190	29,895	0	34,085
Office Expenses	8,442	24,209	0	32,651
Financial Expenses	0	257	721	978
Professional Fees	0	9,585	0	9,585
Insurance Expenses	2,945	10,322	0	13,267
Education and Training Expenses	3,495	2,541	0	6,036
Marketing Expenses	7,936	307	0	8,243
Programs and Grants Expenses	38,263	2,111	0	40,374
Events and Fundraising Expenses	2,016	0	52,671	54,687
Depreciation	19,751	11,435	0	31,186
TOTAL OPERATING EXPENSES	\$ 186,611	\$ 270,406	\$ 53,392	\$ 510,409
<u>OTHER EXPENSES</u>				
Unrelated Business Income Tax	\$ 3,770	\$ 0	\$ 0	\$ 3,770
TOTAL EXPENSES	\$ 190,381	\$ 270,406	\$ 53,392	\$ 514,179

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

Statements of Functional Expenses - continued

LGBT + Center Orlando, Inc.

For the Year Ended December 31, 2017

	Program Services	Support Services		Total
		General and Administrative	Fundraising	
<u>EXPENSES</u>				
Salaries	\$ 77,199	\$ 139,356	\$ 0	\$ 216,555
Facility Expenses	3,439	24,529	0	27,968
Office Expenses	7,583	21,846	0	29,429
Financial Expenses	0	56	157	213
Professional Fees	0	5,771	0	5,771
Insurance Expenses	1,801	8,285	0	10,086
Education and Training Expenses	4,049	2,943	0	6,992
Marketing Expenses	111,580	4,320	0	115,900
Programs and Grants Expenses	52,351	2,888	0	55,239
Events and Fundraising Expenses	704	0	18,394	19,098
Depreciation	13,855	8,022	0	21,877
TOTAL OPERATING EXPENSES	\$ <u>272,561</u>	\$ <u>218,016</u>	\$ <u>18,551</u>	\$ <u>509,128</u>
<u>OTHER EXPENSES</u>				
Unrelated Business Income Tax	\$ 67,975	\$ 0	\$ 0	\$ 67,975
TOTAL EXPENSES	\$ <u>340,536</u>	\$ <u>218,016</u>	\$ <u>18,551</u>	\$ <u>577,103</u>

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

Statements of Cash Flows

LGBT + Center Orlando, Inc.

	For the Years Ended December 31,	
	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets (Deficit)	\$ (206,791)	\$ (150,407)
Adjustments to Reconcile Change in Net Assets (Deficit) to Net Cash Provided by Operating Activities:		
Depreciation	31,186	21,877
Decrease (Increase) in:		
Accounts Receivable	16,476	18,966
Prepaid Expenses	3,766	(928)
Increase (Decrease) in:		
Taxes Payable	(67,975)	67,975
Accounts Payable	(7,500)	3,343
Accrued Wages Payable	6,897	0
CDBG Promissory Note	(23,890)	(23,890)
Net Cash Provided (Used) by Operating Activities	<u>(247,831)</u>	<u>(63,064)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Purchases of Fixed Assets	<u>(329,518)</u>	<u>(238,068)</u>
Net Cash Provided (Used) by Investing Activities	(329,518)	(238,068)
 Net Increase (Decrease) In Cash and Cash Equivalents	 (577,349)	 (301,132)
 Cash and Cash Equivalents at Beginning of Year	 <u>710,835</u>	 <u>1,011,967</u>
 Cash and Cash Equivalents at End of Year	 <u>\$ 133,486</u>	 <u>\$ 710,835</u>
 Supplemental Information		
Income Taxes Paid	<u>\$ 71,745</u>	<u>\$ 0</u>

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

Notes to financial Statements

LGBT + Center Orlando, Inc.

December 31, 2018 and 2017

Note 1 – Organization

LGBT + Center Orlando, Inc. (fka GLBT Community Center of Central FL, Inc. and Affiliates) (the “Center”) is incorporated as a nonprofit corporation under the laws of the State of Florida on November 27, 1978.

In January 2018, the Center legally changed its name to LGBT + Center Orlando, Inc.

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 membership dues.

Note 2 – Summary of Significant Accounting Policies

The financial statements include only the accounts and transactions of LGBT + Center Orlando, Inc.

The Center retrospectively adopted Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Center’s net assets and changes thereto are classified and reported as follows:

- *Net assets without donor restrictions* – consists of amounts that are available for use in carrying out the activities of the Center and are not subject to donor-imposed restrictions. This classification includes board designated or appropriated amounts as the board has the authority to change or withdraw such designations or appropriations.
- *Net assets with donor restrictions* – consists of amounts that are available for use contingent on the satisfaction of donor-imposed restrictions. When a restriction is satisfied, the associated amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Assets are presented in the accompanying statement of financial position according to nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Notes to financial Statements - continued

LGBT + Center Orlando, Inc.

December 31, 2018 and 2017

Note 2 – Summary of Significant Accounting Policies - continued

Revenue Recognition

Contributions, including sponsorships, are recognized as revenue in the earlier of the period promised or received. Contributions also include voluntary membership dues, which are recognized as unrestricted contributions when received. This portion of the contribution is classified as membership dues on the accompanying statements of activities and is recognized as revenue ratably over the membership period. Grants are recognized as revenue in the period such promises or agreements are made. Grants and contributions received are considered to be available for use unless specifically restricted by the grantor or donor. Amounts received that are designated for a future period, or are restricted by the grantor or donor for specific purposes, are reported as restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

Revenue from the fundraising and other program fees is recognized as revenue when the events or programs are held.

All other revenues are recognized when earned.

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

The Center has been granted an exemption from income taxes under Internal Revenue Code, Section 501(c)(3) as a not-for-profit corporation. However, income from certain activities not directly related to the Center's tax-exempt purpose can be subject to taxation as unrelated business income. During December 31, 2017, the Center was deeded a building by a related party that resulted in unrelated business income tax of \$67,975 and interest of \$3,769. There was no unrelated business income tax for the year ended December 3, 2018. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Federal Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the Internal Revenue Service, generally for three years after it is filed. Tax years since 2015 remain open.

Notes to financial Statements - continued

LGBT + Center Orlando, Inc.

December 31, 2018 and 2017

Note 2 – Summary of Significant Accounting Policies - continued

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 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.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising expense for the year ended December 31, 2018 and 2017 were \$8,243 and \$115,900, respectively.

Estimates

In preparing its financial statements, management makes estimates and assumptions that affect the amounts reported in the 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, 2018 and 2017.

Contributed Services

During the years ended December 31, 2018 and 2017, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Note 3 – Liquidity and Availability

The Company has \$133,486 of financial assets available to meet cash needs for general expenditures within one year of the date of the statement of financial position. The financial assets consist of operating cash of \$133,486. None of these amounts are subject to donor or contractual restrictions.

The Company primarily manages liquidity needed for general expenditures and operations through budgeted monthly cash inflows and outflows. Budgeted cash outflows are monitored and adjusted as needed to not exceed expected cash inflows. The Company typically attempts to maintain a small excess cash balance in anticipation of potential unexpected cash outflow requirements.

Notes to financial Statements - continued

LGBT + Center Orlando, Inc.

December 31, 2018 and 2017

Note 4 – Property and Equipment

Property and equipment consist of the following:	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Land	\$ 125,800	\$ 125,800
Buildings and Improvements	896,827	567,309
Furniture, Equipment and Vehicles	<u>62,610</u>	<u>62,610</u>
	1,085,237	755,719
Less: Accumulated Depreciation	<u>(190,252)</u>	<u>(159,066)</u>
	<u>\$ 894,985</u>	<u>\$ 596,653</u>

Depreciation expense totaled \$31,186 and \$21,877 for the year ended December 31, 2018 and 2017, respectively.

Note 5 – 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, 2018 and 2017 was \$0.

Note 6 – 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, 2018 and 2017 was \$47,779 and \$71,699, respectively.

Note 7 – 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, 2018 and 2017 were \$0 and \$109,709, respectively, which include advertising.

Note 8 – Net Assets

Net assets with donor restrictions were as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Restricted Cash	\$ 0	\$ 23,976
Grants Receivable	<u>0</u>	<u>5,417</u>
	<u>\$ 0</u>	<u>\$ 29,343</u>

Notes to financial Statements - continued

LGBT + Center Orlando, Inc.

December 31, 2018 and 2017

Note 9 – Related Party

During the year ended December 31, 2018 and 2017, the Center had transactions with a related party, Quintairos, Prieto, Wood & Boyer, PA which employs a board member. As of December 31, 2018 and 2017, the Center made payments for legal services totaling \$352 and \$1,271, respectively.

Note 10 – Subsequent Event

Management has evaluated subsequent events through June 12, 2019, which is the date the financial statements are available for issuance.