

**Lesbian and Gay  
Community Services Center, Inc.**

Financial Statements

June 30, 2016

## **Independent Auditors' Report**

### **Board of Directors Lesbian and Gay Community Services Center, Inc.**

We have audited the accompanying financial statements of Lesbian and Gay Community Services Center, Inc. (the "Center"), which comprise the statement of financial position as of June 30, 2016, 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.

### ***Auditors' 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. Those standards require that we plan and perform the audit 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 auditors' 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.

**Board of Directors  
Lesbian and Gay Community Services Center, Inc.**

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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lesbian and Gay Community Services Center, Inc. as of June 30, 2016, 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 Lesbian and Gay Community Services Center, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

November 17, 2016

**Lesbian and Gay Community Services Center, Inc.**

Statement of Financial Position  
June 30, 2016  
(with comparative amounts at June 30, 2015)

	2016	2015
<b>ASSETS</b>		
Cash	\$ 2,194,055	\$ 2,545,499
Government grants receivable	982,730	678,044
Unconditional promises to give, net	871,409	814,562
Other receivables, net	405,312	51,277
Prepaid expenses and other assets	345,244	249,170
Cash held for other agencies	119,222	206,453
Property, plant and equipment, net	18,162,716	18,754,239
	\$ 23,080,688	\$ 23,299,244
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 358,800	\$ 384,276
Accrued salaries	27,281	22,039
Accrued vacation	179,849	150,366
Tenants' security deposits	4,250	4,250
Government refundable advances	124,500	91,460
Deferred revenue	130,195	27,553
Amounts held for other agencies	119,222	206,453
Loan payable	2,147,042	2,315,107
Total Liabilities	3,091,139	3,201,504
 Net Assets		
Unrestricted	18,961,824	18,494,656
Temporarily restricted	1,027,725	1,603,084
Total Net Assets	19,989,549	20,097,740
	\$ 23,080,688	\$ 23,299,244

See notes to financial statements

## Lesbian and Gay Community Services Center, Inc.

### Statement of Activities Year Ended June 30, 2016 (with summarized totals for the year ended June 30, 2015)

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
<b>REVENUE AND SUPPORT</b>				
Special events revenue, net of direct costs of \$503,354 and \$452,703	\$ 2,061,071	\$ -	\$ 2,061,071	\$ 1,926,948
Government grants	2,188,252	-	2,188,252	5,203,236
Contributions	878,638	1,956,222	2,834,860	3,310,635
In-kind contributions	62,170	-	62,170	75,473
Legacies and bequests	1,301,578	-	1,301,578	852,385
Program revenue	119,740	-	119,740	102,186
Medicaid revenue	335,908	-	335,908	319,447
Space usage fees	503,185	-	503,185	278,274
Other revenue	9,659	-	9,659	11,221
Net assets released from restrictions	<u>2,531,581</u>	<u>(2,531,581)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>9,991,782</u>	<u>(575,359)</u>	<u>9,416,423</u>	<u>12,079,805</u>
<b>EXPENSES</b>				
Program services	<u>6,894,316</u>	<u>-</u>	<u>6,894,316</u>	<u>5,823,498</u>
Supporting Services				
Management and general	771,096	-	771,096	769,451
Fundraising	<u>1,859,202</u>	<u>-</u>	<u>1,859,202</u>	<u>1,722,862</u>
Total Supporting Services	<u>2,630,298</u>	<u>-</u>	<u>2,630,298</u>	<u>2,492,313</u>
Total Expenses	<u>9,524,614</u>	<u>-</u>	<u>9,524,614</u>	<u>8,315,811</u>
Change in Net Assets	467,168	(575,359)	(108,191)	3,763,994
<b>NET ASSETS</b>				
Beginning of year	<u>18,494,656</u>	<u>1,603,084</u>	<u>20,097,740</u>	<u>16,333,746</u>
End of year	<u>\$ 18,961,824</u>	<u>\$ 1,027,725</u>	<u>\$ 19,989,549</u>	<u>\$ 20,097,740</u>

See notes to financial statements

**Lesbian and Gay Community Services Center, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2016  
(with summarized totals for the year ended June 30, 2015)

	Supporting Services			Total Supporting Services	2016 Total	2015 Total
	Program Services	Management and General	Fundraising			
<b>PERSONNEL</b>						
Salaries	\$ 3,836,710	\$ 302,012	\$ 670,390	\$ 972,402	\$ 4,809,112	\$ 4,141,834
Employee benefits and payroll taxes	860,601	67,742	150,374	218,116	1,078,717	899,476
Total Personnel	<u>4,697,311</u>	<u>369,754</u>	<u>820,764</u>	<u>1,190,518</u>	<u>5,887,829</u>	<u>5,041,310</u>
Professional fees (includes in-kind legal fees of \$62,170 and \$75,473)	212,105	177,243	457,351	634,594	846,699	779,929
Occupancy	160,602	20,290	13,318	33,608	194,210	184,373
Building and office supplies	74,904	76,955	42,623	119,578	194,482	246,412
Printing, publication and postage	29,440	5,950	72,617	78,567	108,007	142,786
Advertising	82,698	3,480	5,962	9,442	92,140	23,300
Other program costs	331,896	3,509	28,713	32,222	364,118	260,092
Training and conferences	20,758	6,913	50,344	57,257	78,015	74,020
Food and refreshments	87,326	7,786	88,335	96,121	183,447	191,657
Equipment and rental	67,229	7,907	27,557	35,464	102,693	117,162
Insurance	69,307	4,848	2,501	7,349	76,656	68,983
Repairs and maintenance	168,222	17,018	4,991	22,009	190,231	157,592
Interest	116,107	9,140	20,287	29,427	145,534	165,519
Depreciation	639,505	50,340	111,741	162,081	801,586	602,113
Bad debt	10,434	-	90,000	90,000	100,434	114,947
Bank fees	73,736	5,804	12,884	18,688	92,424	98,855
Other	52,736	4,159	9,214	13,373	66,109	46,761
Total Other Expenses	<u>2,197,005</u>	<u>401,342</u>	<u>1,038,438</u>	<u>1,439,780</u>	<u>3,636,785</u>	<u>3,274,501</u>
	<u>\$ 6,894,316</u>	<u>\$ 771,096</u>	<u>\$ 1,859,202</u>	<u>\$ 2,630,298</u>	<u>\$ 9,524,614</u>	<u>\$ 8,315,811</u>

See notes to financial statements

**Lesbian and Gay Community Services Center, Inc.**

Statement of Cash Flows  
Year Ended June 30, 2016  
(with comparative amounts for the year ended June 30, 2015)

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (108,191)	\$ 3,763,994
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	801,586	602,113
Bad debt	100,434	114,947
Changes in operating assets and liabilities		
Government grants receivable	(304,686)	56,952
Unconditional promises to give	(157,281)	(541)
Other receivables	(354,035)	(16,513)
Prepaid expenses and other assets	(96,074)	(110,216)
Accounts payable and accrued expenses	9,249	(262,819)
Tenants' security deposits	-	3,050
Government refundable advances and deferred revenue	<u>135,682</u>	<u>(29,410)</u>
Net Cash from Operating Activities	26,684	4,121,557
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(210,063)	(3,986,833)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on loans	<u>(168,065)</u>	<u>(432,516)</u>
 Net Change in Cash	(351,444)	(297,792)
 <b>CASH</b>		
Beginning of year	<u>2,545,499</u>	<u>2,843,291</u>
End of year	<u>\$ 2,194,055</u>	<u>\$ 2,545,499</u>
 <b>SUPPLEMENTAL INFORMATION</b>		
Cash paid for interest	<u>\$ 145,534</u>	<u>\$ 165,519</u>

See notes to financial statements

## **Lesbian and Gay Community Services Center, Inc.**

Notes to Financial Statements  
June 30, 2016

### **1. Organization and Tax Status**

Lesbian and Gay Community Services Center, Inc. doing business as The Lesbian, Gay, Bisexual & Transgender Community Center (The "Center") is a unique organization located in New York City. The Center is operated as a not-for-profit entity and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Center has not been designated as a private foundation.

The Center's mission is to empower community members to lead healthy and successful lives. The Center proudly celebrates the Lesbian, Gay, Bisexual & Transgender ("LGBT") community's diversity, and advocates for justice and opportunity.

The Center accomplishes its mission by providing various programs and services including:

**Center Youth** – The Center helps LGBT young people to live independently, establish support networks and effect positive, social change. Open to youth between the ages of 13 and 21, the program builds self-esteem and helps participants succeed in achieving their life goals.

**Center Families** – For more than two decades, the Center has been helping the LGBT community build, nurture, protect and grow our families. Whether someone is ready to start a family, looking to make a play date with other LGBT families or just seeking an LGBT-family-friendly environment, the Center is here to help. The Center has supported thousands of LGBT families over the years with relationship and family counseling, parenthood programming, the LGBT Foster Care Project and family resource coaching.

**Center Recovery** - The Center offers the only New York State Office of Alcohol and Substance Abuse Services ("OASAS") licensed, outpatient substance use treatment program specifically designed for the LGBT community. Center Recovery is a medically supervised, intensive program for substance use and dependence. It uses an abstinence-based model and incorporates a range of holistic services for individuals and their families in the LGBT community, age 18 and older. The Center provides the tools clients need to lead sober, healthier lives.

**Center Wellness** – Through a range of programs, services and events, Center Wellness provides the mental and physical health resources to help people take charge and live the happy, healthy lives they deserve. Center Wellness offers smoking cessation assistance; short-term counseling; HIV and AIDS prevention and education; support for people living with HIV and AIDS; programs for the transgender and gender nonconforming community and support for LGBT immigrants.

**Arts and Culture** – The Center produces the renowned Second Tuesday monthly arts and culture series, and hosts a queer bookstore and cultural event space. The Center is also a permanent home for The Pat Parker/Vito Russo Center Library and The LGBT Community Center National History Archive. The Center provides a forum for artists, authors and performers to create, celebrate and connect.



## **Lesbian and Gay Community Services Center, Inc.**

Notes to Financial Statements  
June 30, 2016

### **1. Organization and Tax Status *(continued)***

Information and Referral Services – The Center provides a place in which LGBT people can meet, seek services and find support. What truly differentiates the Center is the sense of home it provides for the more than 6,000 people who visit each week.

Meeting rooms and event spaces for rent – The Center hosts a variety of parties, fundraisers, dinners, cultural events and educational opportunities – all celebrating the LGBT community.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation and Use of Estimates***

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires the Center to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Allowance for Doubtful Accounts***

The allowance for doubtful accounts is based on factors such as the age of the receivables and the history of the payee. Receivables are written off against the allowance at the point in time where management deems that all reasonable collection efforts have been exhausted.

#### ***Cash Held for Other Agencies***

The Center maintains cash for others in connection with transactions in which the Center acts as an agent. This cash is reported in the statement of financial position with a related liability account categorized under amounts held for other agencies.

#### ***Property, Plant and Equipment***

Property, plant and equipment purchases above \$2,000 that the Center retains title to and which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation. Property, plant and equipment purchased with funds from government contracts where title remains with the grantor and it is not probable that the Center will keep the asset at the completion of the contract are expensed in the year of purchase.

## Lesbian and Gay Community Services Center, Inc.

Notes to Financial Statements  
June 30, 2016

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Property, Plant and Equipment (continued)***

Depreciation is computed over the estimated useful lives of the assets using the straight line method as follows:

Buildings and improvements	5-35 years
Furniture and equipment	3–10 years

The Center evaluates its long-lived assets for impairment whenever events or changes in circumstances would indicate that the carrying value of assets may not be recoverable. Long-lived assets would be deemed to be impaired if projected undiscounted future net cash flows are less than the carrying value of the assets. There was no impairment loss recognized in 2016 and 2015.

#### ***Deferred Revenue***

Fees collected that relate to programs that will occur in future periods have been recorded as deferred revenue and will be recognized in the period earned.

#### ***Net Asset Presentation***

Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. Temporarily restricted net assets are those whose use is limited by donors to a specific time period or purpose. Permanently restricted net assets are limited by donors for investment in perpetuity.

#### ***Contributions and Promises to Give***

Contributions are recognized when the donor makes a promise to give that is unconditional or when substantially all conditions have been met. All contributions, including unconditional promises to give, are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

#### ***Third-Party Reimbursement and Revenue Recognition***

The terms of each government grant are reviewed to determine if they contain traits more closely associated with contributions or exchange transactions. Management has determined that all existing government grants are exchange transactions because of their conditional and reciprocal nature. As such, government grant receipts are recorded as refundable advances (liabilities) until they have been earned. Once the conditions have been satisfied, the advances are recorded as income. Grant receivables have been established to reflect amounts due relating to services performed that are earned under terms of the government contract.

## **Lesbian and Gay Community Services Center, Inc.**

Notes to Financial Statements  
June 30, 2016

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Special Events***

Direct costs of special events where donors receive a benefit, such as meals and facility use are shown as a reduction of special event revenue on the statement of activities.

#### ***In-Kind Services***

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Center. These services have not been recorded in the financial statements as they do not meet the criteria outlined above.

#### ***Advertising***

Advertising and promotion costs are charged to operations when the advertising first takes place. Advertising expense for the years ended June 30, 2016 and 2015 was \$92,140 and \$23,300.

#### ***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain administrative, fundraising and maintenance costs have been allocated among the programs and supporting services.

#### ***Accounting for Uncertainty in Income Taxes***

The Center recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Center had no uncertain tax positions that would require financial statement recognition or disclosure. The Center is no longer subject to examinations by the applicable taxing jurisdictions for tax periods prior to fiscal 2013.

#### ***Summarized Comparative Information***

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Center's financial statements as of and for the year ended June 30, 2015, from which the summarized information was derived.

## Lesbian and Gay Community Services Center, Inc.

Notes to Financial Statements  
June 30, 2016

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 17, 2016.

### 3. Unconditional Promises to Give

Unconditional promises to give are as follows as of June 30:

	<u>2016</u>	<u>2015</u>
Amounts due:		
Within one year	\$ 865,626	\$ 824,562
One to five years	<u>100,000</u>	<u>100,000</u>
	965,626	924,562
Allowance for uncollectible pledges	<u>(94,217)</u>	<u>(110,000)</u>
	<u>\$ 871,409</u>	<u>\$ 814,562</u>

### 4. Property, Plant and Equipment

Property, plant and equipment consist of the following as of June 30:

	<u>2016</u>	<u>2015</u>
Land	\$ 227,150	\$ 227,150
Buildings and building improvements	24,598,197	24,408,359
Furniture and equipment	<u>473,108</u>	<u>452,883</u>
	25,298,455	25,088,392
Accumulated depreciation	<u>(7,135,739)</u>	<u>(6,334,153)</u>
	<u>\$ 18,162,716</u>	<u>\$ 18,754,239</u>

## Lesbian and Gay Community Services Center, Inc.

Notes to Financial Statements  
June 30, 2016

### 5. Loan Payable

The Center has a loan with Nonprofit Finance with an original amount borrowed of \$3,000,000 and an outstanding principal balance of \$2,147,042 as of June 30, 2016. The loan bears interest at 6.5% per annum and matures on July 1, 2020 with a final payment of \$1,335,635. In accordance with the terms of this loan, principal and interest are paid monthly until the loan matures. The loan is collateralized by the property located at 208 West 13<sup>th</sup> Street, New York, New York.

The Center had another loan with the Nonprofit Finance which was paid in full on December 31, 2014.

Future annual principal payments at June 30, 2016 are as follows:

Year Ending June 30,	
2017	\$ 179,321
2018	191,330
2019	204,144
2020	236,612
2021	<u>1,335,635</u>
	<u>\$ 2,147,042</u>

### 6. Temporarily Restricted Net Assets

Changes in temporarily restricted net assets consist of the following for the years ended June 30, 2016 and 2015:

<u>Purpose / Restriction</u>	<u>July 1, 2015</u>	<u>Additions</u>	<u>Assets Released</u>	<u>June 30, 2016</u>
Adult services	\$ 187,262	\$ 1,169,722	\$ (1,015,190)	\$ 341,794
Youth services	598,000	506,500	(656,264)	448,236
Youth services - LGBT SAINT	-	30,000	-	30,000
Capital campaign	349,733	-	(349,733)	-
Finance	1,582	-	-	1,582
Foster care	21,617	90,000	(85,448)	26,169
Cultural	444,890	160,000	(424,946)	179,944
	<u>\$ 1,603,084</u>	<u>\$ 1,956,222</u>	<u>\$ (2,531,581)</u>	<u>\$ 1,027,725</u>

## Lesbian and Gay Community Services Center, Inc.

Notes to Financial Statements  
June 30, 2016

### 6. Temporarily Restricted Net Assets *(continued)*

Purpose / Restriction	July 1, 2014	Additions	Assets Released	June 30, 2015
Adult services	\$ 37,832	\$ 1,035,143	\$ (885,713)	\$ 187,262
Youth services	486,766	669,935	(558,701)	598,000
Youth services - LGBT SAINT	58,216	-	(58,216)	-
Capital campaign	933,081	467,360	(1,050,708)	349,733
IT and communications	54,695	-	(54,695)	-
Finance	3,500	-	(1,918)	1,582
Foster care	251,074	11,310	(240,767)	21,617
Cultural	89,460	595,184	(239,754)	444,890
	<u>\$ 1,914,624</u>	<u>\$ 2,778,932</u>	<u>\$ (3,090,472)</u>	<u>\$ 1,603,084</u>

### 7. Pension Plan

The Center maintains a defined contribution profit sharing plan. All employees who have been employed for at least two years and work at least 1,000 hours per year are eligible. The Center makes discretionary contributions of up to 15% of employee compensation based upon board approval. For the years ended June 30, 2016 and 2015, the Center made contributions of \$144,556 and \$57,234 to the plan.

### 8. Contingencies

Pursuant to the Center's government contracts, most funding sources have the right to examine the books and records of the Center. No provision for any disallowances is reflected in the financial statements, since management does not anticipate any material adjustments.

### 9. Concentration of Credit Risk

The Center's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and receivables. The Center places its cash in what it believes to be quality financial institutions. During the year a portion of the funds were not insured. The Center has not experienced any losses from these accounts. Concentrations of credit risk with respect to receivables are generally diversified due to the large number and diversity of these sources of revenue and support. The Center performs ongoing collectability evaluations and writes off uncollectible amounts as they become known.

### 10. In-Kind Contributions

For the years ended June 30, 2016 and 2015, the Center received donated legal services valued at \$62,170 and \$75,473. The Center records in-kind contributions that meet the criteria for recognition as revenue and expense in the accompanying financial statements.

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