

# **THE CENTER**

**THE LESBIAN, GAY, BISEXUAL &  
TRANSGENDER COMMUNITY CENTER**

**Lesbian and Gay Community Services Center, Inc.  
D/B/A The Lesbian, Gay, Bisexual & Transgender Community Center  
Financial Statements  
June 30, 2025 and 2024  
With Independent Auditor's Report**

**Lesbian and Gay Community Services Center, Inc.**  
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## Independent Auditor's Report

To the Board of Directors of  
Lesbian and Gay Community Services Center, Inc.:

### Opinion

We have audited the financial statements of Lesbian and Gay Community Services Center, Inc. D/B/A the Lesbian, Gay, Bisexual & Transgender Community Center (the "Center"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Withum Smith + Brown, PC*

November 6, 2025

**Lesbian and Gay Community Services Center, Inc.**  
**Statements of Financial Position**  
**June 30, 2025 and 2024**

	2025	2024
<b>Assets</b>		
Cash and cash equivalents	\$ 3,056,186	\$ 2,308,226
Amounts held for other agencies	55,000	61,862
Investments	6,866,322	5,199,359
Government grants receivable, net	3,010,596	3,553,449
Contributions receivable, net	2,552,568	2,488,748
Other receivables	146,032	139,529
Prepaid expenses and other assets	720,697	707,458
Property and equipment, net	12,544,267	13,248,936
Beneficial interest in charitable remainder trust	1,522,985	1,408,769
<b>Total assets</b>	<b>\$ 30,474,653</b>	<b>\$ 29,116,336</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 869,768	\$ 890,009
Deferred revenue	307,217	249,628
Refundable advances	-	212,638
Amounts held for other agencies	55,000	61,862
Mortgage payable	1,438,223	1,531,366
<b>Total liabilities</b>	<b>2,670,208</b>	<b>2,945,503</b>
<b>Net assets</b>		
<b>Without donor restrictions</b>		
Operations	6,585,588	6,623,100
Board-designated	6,273,206	4,631,850
Net investment in property and equipment	11,106,044	11,717,570
<b>Total without donor restrictions</b>	<b>23,964,838</b>	<b>22,972,520</b>
With donor restrictions	3,839,607	3,198,313
<b>Total net assets</b>	<b>27,804,445</b>	<b>26,170,833</b>
<b>Total liabilities and net assets</b>	<b>\$ 30,474,653</b>	<b>\$ 29,116,336</b>

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

**Lesbian and Gay Community Services Center, Inc.**  
**Statements of Activities**  
**Years Ended June 30, 2025 and 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues</b>						
Special events revenue	\$ 5,363,996	\$ -	\$ 5,363,996	\$ 5,600,051	\$ -	\$ 5,600,051
Special events direct expense to donors	(633,480)	-	(633,480)	(768,088)	-	(768,088)
<b>Special events revenue, net</b>	4,730,516	-	4,730,516	4,831,963	-	4,831,963
Government grants	6,342,515	-	6,342,515	5,650,258	-	5,650,258
Contributions	1,856,554	2,854,530	4,711,084	1,695,777	1,450,304	3,146,081
Contributions of nonfinancial assets	373,850	-	373,850	391,666	-	391,666
Legacies and bequests	1,603,172	-	1,603,172	276,822	-	276,822
Program revenue	12,312	-	12,312	21,704	-	21,704
Medicaid and other third party payors	1,151,515	-	1,151,515	1,049,251	-	1,049,251
Membership fees	339,437	-	339,437	322,493	-	322,493
Space usage fees	587,221	-	587,221	446,497	-	446,497
Investment income, net	251,925	-	251,925	341,215	-	341,215
Change in value of beneficial interest in charitable remainder trust	-	114,216	114,216	-	152,204	152,204
Net assets released from restrictions	2,327,452	(2,327,452)	-	2,967,166	(2,967,166)	-
	19,576,469	641,294	20,217,763	17,994,812	(1,364,658)	16,630,154
<b>Expenses</b>						
<b>Program services</b>						
Youth programs	5,862,287	-	5,862,287	2,558,599	-	2,558,599
Adult services	8,339,383	-	8,339,383	11,027,525	-	11,027,525
Arts and culture	310,782	-	310,782	402,084	-	402,084
<b>Total program services</b>	14,512,452	-	14,512,452	13,988,208	-	13,988,208
<b>Supporting services</b>						
Management and general	979,126	-	979,126	1,217,756	-	1,217,756
Fundraising	3,092,573	-	3,092,573	3,818,269	-	3,818,269
<b>Total supporting services</b>	4,071,699	-	4,071,699	5,036,025	-	5,036,025
<b>Total expenses</b>	18,584,151	-	18,584,151	19,024,233	-	19,024,233
<b>Changes in net assets</b>	992,318	641,294	1,633,612	(1,029,421)	(1,364,658)	(2,394,079)
Net assets at beginning of year	22,972,520	3,198,313	26,170,833	24,001,941	4,562,971	28,564,912
<b>Net assets at end of year</b>	\$ 23,964,838	\$ 3,839,607	\$ 27,804,445	\$ 22,972,520	\$ 3,198,313	\$ 26,170,833

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

**Lesbian and Gay Community Services Center, Inc.**  
**Statements of Functional Expenses**  
**Year Ended June 30, 2025**

	Program Services				Supporting Services				Total
	Youth Programs	Adult Services	Arts and Culture	Total Program Services	Management and General	Fundraising	Costs of Direct Donor Benefits	Total Supporting Services	
Salaries	\$ 3,373,802	\$ 4,698,145	\$ 194,601	\$ 8,266,548	\$ 300,927	\$ 963,745	\$ -	\$ 1,264,672	\$ 9,531,220
Payroll taxes and employee benefits	909,263	1,252,340	67,499	2,229,102	13,151	231,727	-	244,878	2,473,980
<b>Total salaries &amp; related costs</b>	<b>4,283,065</b>	<b>5,950,485</b>	<b>262,100</b>	<b>10,495,650</b>	<b>314,078</b>	<b>1,195,472</b>	<b>-</b>	<b>1,509,550</b>	<b>12,005,200</b>
Professional fees	425,342	943,918	1,126	1,370,386	163,572	984,476	14,750	1,162,798	2,533,184
Building and office supplies	50,330	120,997	11,638	182,965	330,638	25,964	-	356,602	539,567
Equipment and space rentals	17,915	26,000	15,540	59,455	11,928	34,477	582,921	629,326	688,781
Program supplies	105,171	16,067	673	121,911	254	19,904	-	20,158	142,069
Occupancy	46,190	168,631	8,903	223,724	26,487	17,443	-	43,930	267,654
Printing, publications and postage	3,671	7,784	-	11,455	9,405	75,028	-	84,433	95,888
Food and refreshments	45,126	48,503	262	93,891	15,470	24,434	35,809	75,713	169,604
Conferences and travel	90,506	114,889	786	206,181	15,061	364,867	-	379,928	586,109
Insurance	602	102,925	2,335	105,862	7,065	3,834	-	10,899	116,761
Advertising	2,371	1,086	-	3,457	3,914	13,132	-	17,046	20,503
Repairs and maintenance	34,724	169,271	7,222	211,217	12,208	16,742	-	28,950	240,167
Depreciation	309,612	309,613	-	619,225	25,282	74,705	-	99,987	719,212
Interest	25,797	25,797	-	51,594	2,121	6,224	-	8,345	59,939
Bad debt	355,724	243,775	-	599,499	-	142,754	-	142,754	742,253
Other administrative	66,141	89,642	197	155,980	41,643	93,117	-	134,760	290,740
<b>Total expenses</b>	<b>5,862,287</b>	<b>8,339,383</b>	<b>310,782</b>	<b>14,512,452</b>	<b>979,126</b>	<b>3,092,573</b>	<b>633,480</b>	<b>4,705,179</b>	<b>19,217,631</b>
Less: Direct event expenses netted with revenue on the statement of activities	-	-	-	-	-	-	(633,480)	(633,480)	(633,480)
	<b>\$ 5,862,287</b>	<b>\$ 8,339,383</b>	<b>\$ 310,782</b>	<b>\$ 14,512,452</b>	<b>\$ 979,126</b>	<b>\$ 3,092,573</b>	<b>\$ -</b>	<b>\$ 4,071,699</b>	<b>\$ 18,584,151</b>

The Notes to Financial Statements are an integral part of this statement.

**Lesbian and Gay Community Services Center, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2024**

	Program Services				Supporting Services				Total
	Youth Programs	Adult Services	Arts and Culture	Total Program Services	Management and General	Fundraising	Costs of Direct Donor Benefits	Total Supporting Services	
Salaries	\$ 1,557,286	\$ 6,668,929	\$ 224,804	\$ 8,451,019	\$ 379,795	\$ 1,254,241	\$ -	\$ 1,634,036	\$ 10,085,055
Payroll taxes and employee benefits	379,091	1,623,421	54,724	2,057,236	92,454	305,321	-	397,775	2,455,011
<b>Total salaries &amp; related costs</b>	<b>1,936,377</b>	<b>8,292,350</b>	<b>279,528</b>	<b>10,508,255</b>	<b>472,249</b>	<b>1,559,562</b>	<b>-</b>	<b>2,031,811</b>	<b>12,540,066</b>
Professional fees	118,456	998,077	35,380	1,151,913	327,435	1,234,129	20,900	1,582,464	2,734,377
Building and office supplies	18,282	110,558	7,048	135,888	196,755	167,698	-	364,453	500,341
Equipment and space rentals	4,449	20,906	20,875	46,230	4,363	22,160	649,493	676,016	722,246
Program supplies	84,045	118,731	2,951	205,727	2,829	15,553	-	18,382	224,109
Occupancy	39,864	111,077	8,196	159,137	15,833	22,533	-	38,366	197,503
Printing, publications and postage	13,349	8,808	166	22,323	19,752	121,621	-	141,373	163,696
Food and refreshments	35,735	124,719	6,159	166,613	11,770	39,534	97,695	148,999	315,612
Conferences and travel	39,766	121,840	6,889	168,495	21,876	329,897	-	351,773	520,268
Insurance	23,390	99,714	2,684	125,788	7,553	5,099	-	12,652	138,440
Advertising	12,360	6,602	-	18,962	2,499	13,889	-	16,388	35,350
Repairs and maintenance	70,902	158,528	14,476	243,906	24,490	28,274	-	52,764	296,670
Depreciation	106,461	455,908	15,368	577,737	97,667	56,529	-	154,196	731,933
Interest	10,225	43,787	1,476	55,488	2,549	5,738	-	8,287	63,775
Bad debt	1,027	193,455	-	194,482	-	22,449	-	22,449	216,931
Other administrative	43,911	162,465	888	207,264	10,136	173,604	-	183,740	391,004
<b>Total expenses</b>	<b>2,558,599</b>	<b>11,027,525</b>	<b>402,084</b>	<b>13,988,208</b>	<b>1,217,756</b>	<b>3,818,269</b>	<b>768,088</b>	<b>5,804,113</b>	<b>19,792,321</b>
Less: Direct event expenses netted with revenue on the statement of activities	-	-	-	-	-	-	(768,088)	(768,088)	(768,088)
	<b>\$ 2,558,599</b>	<b>\$ 11,027,525</b>	<b>\$ 402,084</b>	<b>\$ 13,988,208</b>	<b>\$ 1,217,756</b>	<b>\$ 3,818,269</b>	<b>\$ -</b>	<b>\$ 5,036,025</b>	<b>\$ 19,024,233</b>

The Notes to Financial Statements are an integral part of this statement.

**Lesbian and Gay Community Services Center, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Operating activities</b>		
Changes in net assets	\$ 1,633,612	\$ (2,394,079)
<b>Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities</b>		
Depreciation	719,212	731,933
Bad debt expense	742,253	216,931
Realized and unrealized loss on investments	35,306	4,199
Change in value of beneficial interest in charitable remainder trust	(114,216)	(152,204)
<b>Change in assets and liabilities</b>		
Government grants receivable	(56,646)	(576,686)
Contributions receivable	(206,574)	935,209
Other receivables	(6,503)	(41,872)
Prepaid expenses and other assets	(13,239)	(109,140)
Accounts payable and accrued expenses	(20,241)	10,356
Deferred revenue	57,589	(26,391)
Refundable advances	(212,638)	77,363
<b>Net cash provided by (used in) operating activities</b>	<u>2,557,915</u>	<u>(1,324,381)</u>
<b>Investing activities</b>		
Purchase of property and equipment	(14,543)	(78,499)
Purchase of investments	(11,281,750)	(491,826)
Sale of investments	9,579,481	2,701,620
<b>Net cash provided by (used in) investing activities</b>	<u>(1,716,812)</u>	<u>2,131,295</u>
<b>Financing activities</b>		
Repayment of mortgage payable	(93,143)	(89,307)
<b>Net cash used in financing activities</b>	<u>(93,143)</u>	<u>(89,307)</u>
<b>Net change in cash and cash equivalents</b>	747,960	717,607
<b>Cash and cash equivalents</b>		
Beginning of year	2,308,226	1,590,619
<b>End of year</b>	<u>\$ 3,056,186</u>	<u>\$ 2,308,226</u>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	<u>\$ 59,939</u>	<u>\$ 63,775</u>

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

**Lesbian and Gay Community Services Center, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**1. Organization and Purpose of Corporation**

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'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 the following:

**Youth Programs**

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 Center Youth 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 their 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 provides 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.

**Adult Programs**

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**

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.

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**

**a. Basis of Presentation**

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

**Lesbian and Gay Community Services Center, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. These net assets may be used at the discretion of the Center’s management and the Board of Directors.

Board designated net assets consist of a strategic reserve fund (the “Fund”) funded by bequests and legacies. The Fund may be used for working capital at the discretion of the Board on ratification of the annual budget.

	<u>2025</u>	<u>2024</u>
Board designated net assets balance at beginning of fiscal year	\$ 4,631,850	\$ 6,874,251
Reinvested dividends and interest	260,704	321,356
Board designated additions	1,569,950	142,112
Board approved withdrawals	(153,995)	(2,701,620)
Unrealized and realized loss on investments	(35,303)	(4,249)
<b>Board designated net assets balance at end of fiscal year</b>	<u>\$ 6,273,206</u>	<u>\$ 4,631,850</u>

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**b. Cash Equivalents**

The Center considers all highly liquid investments acquired with original maturities of three months or less to be cash equivalents, except for those held as part of the Center’s investment portfolio.

**c. Amounts Held for Other Agencies**

The Center maintains cash for a few small agencies in connection with transactions in which the Center acts as a fiscal sponsor. The amount held for other agencies as of June 30, 2025 and 2024 amounted to \$55,000 and \$61,862, respectively. The Center has no variance power over the cash held for other agencies, and therefore has recorded the amount as an asset and recorded a corresponding liability in the accompanying statements of financial position.

**d. Property and Equipment**

Property and equipment purchases above \$5,000 that the Center retains title to and with a useful life of at least one year are capitalized at cost, or if donated, at the estimated fair value at the time of donation. Property 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.

Property and equipment are depreciated on a straight-line basis over the estimated useful life of the asset as follows:

<b>Description</b>	<b>Estimated Life (Years)</b>
Building and building improvements	5-35
Furniture and equipment	3-10

**Lesbian and Gay Community Services Center, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**e. Contribution Revenue and Receivable**

The Center recognizes contributions, including unconditional promises to give, as revenue in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met. Contributions, net assets and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**f. Legacies and Bequests**

Legacies and bequests are recognized as revenue when the Center is notified that actual or potential disputes are resolved and funds are forthcoming. Accordingly, bequests are accrued when wills have passed through probate and legal counsel has confirmed amounts held on behalf of the Center.

**g. Other Receivables**

Accounts receivables are uncollateralized, non-interest bearing, and due within normal payment terms. Amounts are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Center separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the statement of financial position date, the Center develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. The allowance and related changes as of and for the years ended June 30, 2025 and 2024 are not material to the financial statements.

**h. Government Grants and Government Grants Receivable**

Revenue from government and private grant and contract agreements, which are generally considered conditional contributions, is recognized when qualifying expenditures are incurred and conditions under the agreements are met. Grant funds received in advance of the expenditures incurred are recorded as refundable advances. Grant funds expended in advance of reimbursement from the funding source are classified as government grants receivable in the statements of financial position. All amounts are expected to be collected within one year. Allowances for uncollectable government grants of \$202,536 and \$59,499 have been recorded as of June 30, 2025 and 2024, respectively.

As of June 30, 2025 and 2024, the Center received conditional grants from government agencies in the aggregate amounts of approximately \$24 million and \$13.1 million, respectively. Such grants have not been recognized in the accompanying financial statements as they are for future periods and will be recognized when contract barriers are overcome. Such barriers include incurring allowable qualifying expenses in accordance with their agreements. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and the Center may be required to return the funds already remitted.

**i. Membership Fees**

Membership fees are considered nonexchange transactions and are recognized as revenue upon receipt.

**j. Space Usage Fees**

Space usage fees are recognized as revenue when the rental space is used by the third party. Any prepayments are recorded as deferred revenue until such time.

**k. Medicaid and Other Third Party Payors**

The Center accounts for revenue from contracts with customers as exchange transactions in the statements of activities. Revenue from contracts with customers is treated as revenue without donor restrictions.

**Lesbian and Gay Community Services Center, Inc.**  
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In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Center performs the following steps in accordance with Topic 606: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations based on estimated selling prices; and (v) recognition of revenue when (or as) the Center satisfies each performance obligation.

The Center's revenue is recognized either at a point in time, or over time. Revenue earned over time is recognized if one of the following criteria are met: (1) when the customer receives or consumes the benefit provided by the Center's performance, (2) the Center creates or enhances an asset that the customer controls, or (3) does not create an asset with an alternative use to the Center and the Center has an enforceable right to payment for performance completed to date.

When the Center satisfies a performance obligation at a point in time, this is deemed to be when a customer obtains control of the promised asset or service. The Center considers the below indicators of the transfer of control, which include, but are not limited to the following: (a) the Center has a present right to payment for the asset; (b) the customer has legal title to the asset; (c) the Center has transferred physical possession of the asset; (d) the customer has significant risks and rewards of ownership of the asset; or (e) the customer has accepted the asset.

The Center does not have any significant financing components as payment is received at or shortly after revenue is recognized.

The Center has agreements with third-party payors that provide for the payment for services rendered at amounts different from its established rates. A summary of the payment arrangement with major third-party payors is as follows:

***Medicaid***

The Center is paid for clinical services under the State of New York Medicaid program for certain services. State regulations provide certain adjustments to current and prior years' payment rates, based on published rates and tiers of the individuals being served.

***Other Third-Party Payors***

The Center has entered into payment agreements with other third-party payors. The basis for payment to the Center under these agreements includes prospectively determined amounts based on clinical services performed.

Each program participant has a contract with the Center, and the rates and other information for service are provided to the Center by the State of New York through the Medicaid and Contracted Provider program. The Center records service revenue at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing clinical services. Medicaid revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Center and are generally broken down into incremental units of service based on hours or services provided. Medicaid revenue for performance obligations is satisfied at a point in time and is recognized based on actual charges incurred in relation to services provided. The Center believes that this method provides a reasonable depiction of the transfer of services to satisfy the obligation.

Amounts received under the State of New York Medicaid program are subject to review and final determination. The Center records all services provided and follows Medicaid guidelines. By following these guidelines, the Center ensures that it is able to be reimbursed for the majority, if not all, of the revenue from Medicaid.

Laws and regulations governing the Medicaid programs are complex and subject to interpretation. As a result, there is a possibility that recorded estimates could change by a material amount if, under audit, charges are disallowed. Management periodically reviews recorded amounts receivable from, or payable to, third-party payors and adjusts these balances as new information becomes available.

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The following table provides information about receivables and contract liabilities from contracts with customers as of June 30, 2025, 2024 and 2023:

Description	2025		2024		2023	
Accounts receivable	\$	104,736	\$	100,073	\$	72,815
Contract liabilities	\$	-	\$	-	\$	-

**I. Special Event Revenue**

Special event revenue typically comprises an exchange element, based on the benefits received, and a contribution element for the difference and is treated as revenue without donor restrictions. The Center does not have any significant financing components as payment is received at or shortly after the point of sale. The contribution portion is recognized as revenue when received. For the exchange portion, funds received in advance of the event date are recorded as deferred revenue in the statements of financial position. Revenue from the exchange portion is recognized at a point in time, at the date the event is held.

**m. Contributions of Nonfinancial Assets**

Donated goods and services are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. Contributions of nonfinancial assets are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Donated goods and services are not sold and goods are only distributed for program use. Donated services are reported as contributions when the services create or enhance nonfinancial assets, require specialized skills and 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 for recognition.

**n. Investments**

Investments with readily determinable fair values are reported at fair value based upon quoted market prices. Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses are determined on the basis of average cost of securities sold and are reflected in the statements of activities. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis.

**o. Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair values should be based on the assumptions market participants use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to the Center's assumptions (unobservable inputs). The Center groups assets at fair value in their levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

*Level 1* - Quoted market prices in active markets for identical assets and liabilities to the extent possible.

*Level 2* - Other observable inputs, including quoted market prices of similar assets and liabilities in active and inactive markets, quoted prices for identical or similar assets in non-active markets, and other inputs.

*Level 3* - Unobservable inputs that cannot be corroborated by observable market data.

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**p. Valuation of Long-Lived Assets**

The Center reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

**q. Beneficial Interest in Charitable Remainder Trust**

Assets held under these arrangements are reported at fair value in the accompanying statements of financial position. Contribution revenue is recognized at the date the trust is established. Changes in fair value are recognized as with donor restrictions. The Center determined the value of the beneficial interest using a growth rate of 3% and a withdrawal rate of 5% as of June 30, 2025 and 2024. The Center will receive the fair value of the charitable remainder trust upon the death of the beneficiary. The fair value as of June 30, 2025 and 2024 is \$1,522,985 and \$1,408,769, respectively.

**r. Functional Allocation of Expenses**

The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and payroll taxes and employee benefits, which are allocated on the basis of time and effort, and occupancy, depreciation, insurance, and interest expense, which are allocated on a square footage basis.

**s. Advertising Expense**

Advertising costs are expensed as incurred. Advertising expense was \$20,503 and \$35,350 for the years ended June 30, 2025 and 2024, respectively.

**t. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates include the net realizable value of the receivable, valuation of beneficial interest in charitable remainder trust, depreciation expense and functional allocation of expenses. Accordingly, actual results could differ from those estimates.

**u. Income Taxes**

The Center is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under similar provisions. The Center is required to file charitable registrations in states where they solicit contributions. There were no uncertain tax positions at June 30, 2025 and 2024. The Center did not have any income tax related penalties or interest for the years ended June 30, 2025 and 2024.

**v. New Accounting Pronouncement Issued Not Yet Effective**

In July 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The new standard, which is effective for annual reporting periods beginning after December 15, 2025, with early adoption permitted, provides a simplified approach for measuring expected credit losses on current accounts receivable and current contract assets accounted for under Topic 606.

The Center is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

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**3. Liquidity and Availability of Resources**

At June 30, 2025 and 2024, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and fulfillment of liabilities, were as follows:

	<u>2025</u>	<u>2024</u>
<b>Financial assets</b>		
Cash and cash equivalents	\$ 3,056,186	\$ 2,308,226
Investments	6,866,322	5,199,359
Government grants receivable, net	3,010,596	3,553,449
Contributions receivable, net	2,552,568	2,488,748
Other receivables	146,032	139,529
Beneficial interest in charitable remainder trust	1,522,985	1,408,769
<b>Total financial assets available</b>	<u>17,154,689</u>	<u>15,098,080</u>
<b>Less: Those unavailable for general expenditure within one year</b>		
Board-designated strategic fund	(6,273,206)	(4,631,850)
Net assets with donor restrictions	(3,839,607)	(3,198,313)
<b>Total financial assets available within one year for general expenditure</b>	<u>\$ 7,041,876</u>	<u>\$ 7,267,917</u>

The Center manages its financial assets to be available as its operating expenditures, liabilities, and other obligations become due. The Center's cash flows have fluctuations during the year attributable to the timing of operations and collection of funds from donors and grantors. In addition, the Center has a line of credit to help manage unanticipated liquidity needs of \$1 million that it could draw upon through February 2026. As of June 30, 2025, the Center had an available balance in its line of credit of \$1 million. Please refer to Note 11 for more details on the line of credit.

The Center has an investment policy authorized by the Board of Directors that provides guidance and oversight for the management of cash and cash equivalents and investments. The policy provides that the Center maintain an adequate level of cash to meet ongoing operational requirements. In addition, the policy sets forth the structure for investment of excess cash based on the financial needs of the Center, the time horizon of those needs and the Board of Directors' investment philosophy.

The Board of Directors of the Center has designated a strategic operating reserve fund ("Strategic Reserves") to ensure the long-term stability of the mission, programs, and ongoing operations of the Center. The Strategic Reserves are intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. The Strategic Reserves may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development or investment in technology and infrastructure. The Board of Directors is required to approve any request for use of the fund and authorize any transfer from the fund. The Strategic Reserves target minimum is equal to six months of average annual operating costs, and the target maximum is equal to 12 months of average annual operating costs. Average monthly operating costs do not include depreciation, in-kind and other noncash expenses, one-time or unusual expenditures or capital purchases.

**Lesbian and Gay Community Services Center, Inc.**  
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**4. Fair Value Measurements**

Financial assets carried at fair value as of June 30, 2025 and 2024 are as follows:

	2025			
	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
Money market funds	\$ 6,866,322	\$ -	\$ -	\$ 6,866,322
Beneficial interest in charitable remainder trust	-	1,522,985	-	1,522,985
<b>Total assets at fair value</b>	<b>\$ 6,866,322</b>	<b>\$ 1,522,985</b>	<b>\$ -</b>	<b>\$ 8,389,307</b>

	2024			
	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
Money market funds	\$ 1,151,945	\$ -	\$ -	\$ 1,151,945
U.S. treasury bills	4,047,414	-	-	4,047,414
Beneficial interest in charitable remainder trust	-	1,408,769	-	1,408,769
<b>Total assets at fair value</b>	<b>\$ 5,199,359</b>	<b>\$ 1,408,769</b>	<b>\$ -</b>	<b>\$ 6,608,128</b>

**5. Contributions Receivable**

Contributions receivable, net consist of the following at June 30, 2025 and 2024:

	2025	2024
<b>Contributions receivable, net</b>		
Due within one year	\$ 2,363,282	\$ 2,248,598
Due in one to five years	195,000	255,000
	2,558,282	2,503,598
Less: Present value discount at 4% and 3% at June 30, 2025 and 2024, respectively	(5,714)	(14,850)
	<b>\$ 2,552,568</b>	<b>\$ 2,488,748</b>

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**6. Property and Equipment, Net**

The historical costs of the Center's property and equipment and related accumulated depreciation balances at June 30, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 227,150	\$ 227,150
Building and building improvements	25,513,520	25,513,520
Furniture and equipment	851,189	837,896
Construction in progress	128,215	126,965
	<u>26,720,074</u>	<u>26,705,531</u>
Less: Accumulated depreciation	(14,175,807)	(13,456,595)
	<u>\$ 12,544,267</u>	<u>\$ 13,248,936</u>

Construction in progress primarily consists of amounts paid for filing fees and facility improvements. There is a façade project that is expected to cost approximately \$1.9 million to complete the first phase of the project.

Depreciation expense for the years ended June 30, 2025 and 2024 was \$719,212 and \$731,933, respectively.

**7. Mortgage Payable**

During 2017, the Center refinanced its existing debt with a mortgage payable totaling \$2,100,000 to a bank. The mortgage bears interest at 3.97% and matures with a balloon payment on April 12, 2027. The loan is collateralized by the property located at 208 West 13th Street, New York, New York. The mortgage includes a financial covenant that the Center maintains a debt service coverage ratio of at least 1.25. The Center was in compliance with its debt covenant for the year ended June 30, 2025. For the year ended June 30, 2024, the Center was not in compliance, and the debt was callable on demand and considered to be a current liability.

Future annual principal payments for the years ending after June 30, 2025 are as follows:

2026	\$ 96,931
2027	1,341,292
<b>Total</b>	<u>\$ 1,438,223</u>

**8. Contributions of Nonfinancial Assets**

Contributions of nonfinancial assets for the year ended June 30, 2025 consisted of the following:

Type of Contributions	<u>2025</u>			Valuation
	Amount	Nonfinancial Contributions Category	Donor-Imposed Restrictions	
Legal services	\$ 373,850	Various administrative legal matters	No associated donor restriction	Standard industry pricing for similar services
<b>Total</b>	<u>\$ 373,850</u>			

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Contributions of nonfinancial assets for the year ended June 30, 2024 consisted of the following:

<b>2024</b>				
<b>Type of Contributions</b>	<b>Amount</b>	<b>Nonfinancial Contributions Category</b>	<b>Donor-Imposed Restrictions</b>	<b>Valuation</b>
Legal services	\$ 343,438	Various administrative legal matters	No associated donor restriction	Standard industry pricing for similar services
Sundry items	48,228	Fundraising	No associated donor restriction	Based on value of items provided
<b>Total</b>	<b>\$ 391,666</b>			

**9. Pension**

The Center maintains a defined contribution profit-sharing plan. All employees who have been employed for at least one year and work at least 1,000 hours per year are eligible. The Center makes discretionary contributions of up to 3% of employee compensation based upon board approval. For the years ended June 30, 2025 and 2024, the Center made contributions of \$228,017 and \$226,808, respectively, to the plan.

**10. Net Assets**

During the years ended June 30, 2025 and 2024, releases from donor restrictions were as follows:

	<b>2025</b>	<b>2024</b>
Arts and culture	\$ 126,218	\$ 149,888
Youth services	770,100	1,353,377
Mental health services	782,988	622,887
Archives	104,274	48,204
Adult services	543,872	792,810
	<b>\$ 2,327,452</b>	<b>\$ 2,967,166</b>

Components of net assets with donor restrictions were as follows at June 30, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Arts and culture	\$ 50,000	\$ 161,218
Youth services	704,206	297,806
Mental health services	1,269,177	967,114
Archives	181,309	285,583
Adult services	111,930	77,823
Charitable remainder trust	1,522,985	1,408,769
	<b>\$ 3,839,607</b>	<b>\$ 3,198,313</b>

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**11. Commitments and Contingencies**

**Government Grants**

Revenue and receivables arising from various programs funded under contracts with governmental agencies may be subject to audit from various agencies. Management is of the opinion that adjustments, if any, resulting from any audits will not be material to the Center's financial position or changes in net assets.

**Line of Credit**

The Center has a bank revolving line of credit with a \$1 million limit that matures in February 2026. The line is secured by the assets of the Center. Under the terms of the agreement, borrowings will bear an interest rate equal to the Secured Overnight Financing Rate ("SOFR") Rate plus 3.00%. As of and for the years ended June 30, 2025 and 2024, there were no borrowings.

**12. Concentrations and Risks and Uncertainties**

**Cash and Cash Equivalents**

The Center has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Center's financial condition, results of operations, and cash flows.

**Investments**

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

**Revenue Concentrations**

As of June 30, 2025 and 2024, there were five government agencies that accounted for 75% and 72%, respectively, of government grant revenue. For the years ended June 30, 2025 and 2024, approximately 29% of total government grant revenue was obtained from grants that were funded, either directly or indirectly, by the United States Federal Government.

**Receivable Concentrations**

At June 30, 2025 and 2024, there were three and four government agencies that accounted for 66% and 74%, respectively of government grants receivable.

**13. Subsequent Events**

The Center has evaluated subsequent events occurring after the statement of financial position date through the date of November 6, 2025, which is the date the financial statements were available to be issued, noting no subsequent events requiring adjustment to or disclosure in the financial statements.