

**GAY AND LESBIAN COMMUNITY CENTER
OF PHILADELPHIA, INC.**

**T/A WILLIAM WAY LGBT COMMUNITY CENTER
FINANCIAL STATEMENTS**

**FOR THE NINE MONTH PERIOD ENDED
JUNE 30, 2018**

Together with Independent Auditors' Report

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

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Ruotolo, Spewak & Co.

"COMMITTED TO CLIENT SERVICE"

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INDEPENDENT AUDITORS' REPORT

To: Board of Directors
Gay and Lesbian Community Center of Philadelphia, Inc.
T/A William Way LGBT Community Center

We have audited the accompanying financial statements of Gay and Lesbian Community Center of Philadelphia, Inc. T/A William Way LGBT Community Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, statement of functional expenses and cash flows for the nine month period 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.

Auditor's 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.

(1)

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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gay and Lesbian Community Center of Philadelphia, Inc. T/A William Way LGBT Community Center as of June 30, 2018, and the changes in its net assets and its cash flows for the nine month period then ended in accordance with accounting principles generally accepted in the United States of America.



February 11, 2019

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2018

ASSETS

CURRENT ASSETS

Cash	\$ 217,571
Grants and contributions receivable	209,677
Prepaid expenses	<u>7,300</u>
Total current assets	434,548

FIXED ASSETS

Property, furniture and equipment, net	744,652
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OTHER ASSETS

Tenant security deposits	<u>9,873</u>
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Total assets	<u>\$1,189,073</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Line of credit	\$ 208,576
Accounts payable	19,948
Deferred revenue	<u>5,150</u>
Total current liabilities	233,674

LONG-TERM LIABILITIES

Tenant security deposits	<u>11,184</u>
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Total liabilities	<u>244,858</u>
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NET ASSETS

Unrestricted	717,115
Temporarily restricted	<u>227,100</u>
Total net assets	<u>944,215</u>

Total liabilities and net assets	<u>\$1,189,073</u>
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See accompanying notes which are an integral part of these financial statements.

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

STATEMENT OF ACTIVITIES

FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUE AND SUPPORT</u>			
Contributions	\$ 269,442	\$ 38,361	\$ 307,803
Foundation grants	138,901	43,500	182,401
Government grants	56,673	-	56,673
United Way	24,288	-	24,288
Building reimbursement revenue	131,596	-	131,596
In-kind contributions	108,352	-	108,352
Event income, net	144,397	-	144,397
Program income	49,156	-	49,156
Interest	50	-	50
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>155,642</u>	<u>(155,642)</u>	<u>-</u>
Total revenue and support	<u>1,078,497</u>	<u>(73,781)</u>	<u>1,004,716</u>
<u>PROGRAM EXPENSES</u>			
Program services	<u>821,234</u>	<u>-</u>	<u>821,234</u>
<u>SUPPORT SERVICES</u>			
Management and general services	101,377	-	101,377
Fundraising	<u>106,363</u>	<u>-</u>	<u>106,363</u>
Total support services	<u>207,740</u>	<u>-</u>	<u>207,740</u>
Total expenses	<u>1,028,974</u>	<u>-</u>	<u>1,028,974</u>
Change in net assets	49,523	(73,781)	(24,258)
Net assets, October 1, 2017	<u>667,592</u>	<u>300,881</u>	<u>968,473</u>
Net assets, June 30, 2018	<u>\$717,115</u>	<u>\$227,100</u>	<u>\$944,215</u>

See accompanying notes which are an integral part of these financial statements.

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2018

		Management		
	Program and General	Services	Fundraising	Total
	<u>Services</u>	<u>Services</u>	<u>Fundraising</u>	<u>Expenses</u>
Payroll	\$348,305	\$ 44,654	\$ 53,586	\$ 446,545
Payroll – in-kind (volunteer hours)	107,790	267	295	108,352
Payroll taxes and fringes	73,212	9,386	11,263	93,861
Advertising and marketing	214	15	76	305
Bad debt	-	6,481	-	6,481
Bank and credit card charges	364	6,908	-	7,272
Building repairs and maintenance	60,442	3,181	-	63,623
Insurance	16,674	2,668	2,890	22,232
Interest	2,854	457	495	3,806
Office supplies	3,352	536	581	4,469
Postage	618	124	1,731	2,473
Printing	4,182	597	7,169	11,948
Professional fees	104,653	16,745	18,140	139,538
Program expenses	40,091	-	-	40,091
Staff training	335	54	58	447
Telephone	7,018	1,123	1,216	9,357
Travel	13,630	2,181	2,363	18,174
Depreciation	<u>37,500</u>	<u>6,000</u>	<u>6,500</u>	<u>50,000</u>
Total expenses	<u>\$821,234</u>	<u>\$101,377</u>	<u>\$106,363</u>	<u>\$1,028,974</u>

See accompanying notes which are an integral part of these financial statements.

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

STATEMENT OF CASH FLOWS

FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (24,258)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Bad debt expense	6,481
Depreciation	50,000
Decrease (increase) in assets:	
Grants and contributions receivable	(104,170)
Prepaid expenses	8,180
Tenant security deposits	(1,144)
Increase (decrease) in liabilities:	
Accounts payable	11,318
Contract advance	(75,578)
Deferred revenue	(27,107)
Tenant security deposits	<u>1,120</u>
Net cash (used) by operating activities	(161,759)

CASH FLOWS FROM INVESTING ACTIVITIES

(Purchase) of furniture and equipment	(68,489)
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CASH FLOWS FROM FINANCING ACTIVITIES

Net proceeds from lines of credit	<u>144,354</u>
Net decrease in cash	(85,894)
Cash, October 1, 2017	<u>309,826</u>
Cash, June 30, 2018	<u>\$223,932</u>

See accompanying notes which are an integral part of these financial statements.

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

NOTES TO FINANCIAL STATEMENTS

1) ORGANIZATION AND PROGRAMS

The William Way LGBT Community Center (the Center) was incorporated in the Commonwealth of Pennsylvania on January 9, 1975. The Center seeks to encourage, support, and advocate for the well-being and acceptance of sexual and gender minorities through service, recreational, educational, and cultural programming. The Center changed its year-end from September 30 to June 30 effective October 1, 2017. The Center's support and revenue comes primarily from contributions and grants and program revenue.

The Center is open to the public 365 days a year and provides services to lesbian, gay, bisexual & transgender (LGBT) youth, adults and elders and their allies in the following program areas:

Health & Welfare

The Center provides free peer counseling each evening of the week both on the phone and in person. In addition, LGBT friendly therapists who are tenants of the Center provide one-on-one and group therapy. HIV and STD testing are offered by partner organizations. Each day, multiple twelve step meetings are also hosted at the Center. The Center also provides programming for spiritual wellness through talks, small discussion groups, and networking events.

Arts & Culture

The Center provides regular art exhibitions, a library, and an archive of LGBT history and culture; performances of spoken word and other performance art; and a ballroom space where local choirs and musical groups rehearse and perform. The Center hosts and supports arts programs in partnership with local theater, dance, and other performing arts companies that promote LGBT arts and culture.

Education, Information & Referral

The Center's resource referral program includes regularly updated information about resources available for community members and allies. In addition, the Center provides educational classes and tours for school groups, organizations, and others seeking to learn more about LGBT community and culture. A David Bohnett Cybercenter provides access to computers, and the Center's lobby has free wireless internet access. The Cybercenter is also available to be used for trainings by other community based organizations.

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

NOTES TO FINANCIAL STATEMENTS

1) ORGANIZATION AND PROGRAMS (CONTINUED)

Senior Services

The Center offers discussion groups, cultural activities, and educational presentations for LGBT seniors on a variety of topics. Senior groups help reduce social isolation while promoting lifelong learning and access to a wealth of local resources. The Center also provides programming to the John C. Anderson Apartments, an LGBT-friendly residence for seniors with restricted incomes, one of the first LGBT-friendly senior housing complexes in the US. The Center also conducts cultural competency trainings to local health and human service workers to improve LGBT healthcare quality and access.

LGBT Refugees

In 2017, The Center began a partnership with HIAS PA to provide welcoming services to LGBT immigrants, refugees and asylum seekers from all backgrounds. Through this partnership we have been able to welcome those newly arrived from around the world - connecting them with local LGBT affirming resources, social opportunities, and community.

Social & Recreational

The Center provides group activities including bridge, chess, mahjong, hiking, movie nights, a writers' collective, book club, and yoga and meditation classes.

Venue Services

The Center's large facility allows mission-aligned local and national groups, organizations, and solo practitioners to rent space at below-market costs. The venue includes six meeting rooms, a ballroom, and numerous small offices. The Center's space sharing program also provides free space for grassroots community groups and others providing services that provide direct benefit to the Center's constituents.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. For the nine month period ended June 30, 2018, the Center had no permanently restricted net assets.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. 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). Accordingly, no provision for income taxes is provided.

The Center has reviewed tax positions taken in filings with federal and state jurisdictions and believes those positions would be sustained should the filings be examined by the relevant taxing authority. For federal income tax purposes, the returns remain open for possible examination three years after they are filed. The Center's policy is to recognize interest and penalties on unrecognized tax benefits in other expense in the statement of activities. No interest and penalties were recorded during the nine month period ended June 30, 2018.

Property, Furniture and Equipment

Property, furniture and equipment is stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. The Center's policy requires capitalization of purchased assets with a cost greater than \$1,000 and donated assets with an estimated fair value at the date of the contribution of over \$1,000.

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts, Bequests, and Grants Receivable

Accounts, bequests, and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants and contracts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable receivable changes. At June 30, 2018, no allowance was necessary.

Restricted and Unrestricted Revenue

Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

In-kind Contributions

Donated services are recognized as contributions if the services (a) create or enhance non financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

Subsequent events have been evaluated through February 11, 2019 the date that the financial statements were available to be issued.

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3) PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture and equipment consists of the following at June 30, 2018:

Land	\$150,000
Building	233,792
Building renovations and improvements	697,595
Computer equipment	25,470
Elevator	557,202
Furniture and fixtures	<u>64,680</u>
	1,728,739
Less: Accumulated depreciation	<u>(984,087)</u>
	<u>\$744,652</u>

4) LINE OF CREDIT

The Center maintains a \$300,000 line of credit with a bank of which \$208,576 was outstanding at June 30, 2018. The line of credit carries an interest rate of Prime plus .25% but no less than 5%. Prime was 5% at June 30, 2018. As such, the interest rate charged on the loan is 5.25% payable on a monthly basis. The note shall be due and payable in full, including all principal and accrued interest, on demand, but no later than July 31, 2019.

5) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following programs at June 30, 2018:

Archives	\$ 12,130
Chairs	1,727
Endowment fund	178,243
Health and well being	15,000
Out and faith series	5,000
POC/Trans leadership	5,000
Wheelchair Ramp	<u>10,000</u>
	<u>\$227,100</u>

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6) SATISFACTION OF PROGRAM RESTRICTIONS

Net assets of \$155,642 were released from donor-restrictions during the nine-month period ended June 30, 2018 by incurring expenses satisfying the restricted purposes specified by the donors.

Archives	\$ 99,468
Fiscal capacity building	2,500
Health and well being	15,000
Intimate partner violence	7,749
LGBT refugees	1,525
Senior services	27,000
Trans program	1,200
Women's program	<u>1,200</u>
	<u>\$155,642</u>

7) BUILDING REIMBURSEMENT REVENUE

The Center provides office space under shared space agreements to organizations which expire at various times during the year. The terms ranged from one to three years, with the option of renewal at the end of the agreement. The revenue earned under these agreements has been included as building reimbursement revenue in the accompanying statement of activities.

Future minimum reimbursements excluding utilities under the agreements at June 30, 2018 are as follows:

Year ending	
<u>June 30,</u>	
2019	\$46,790
2020	<u>2,050</u>
	<u>\$48,840</u>

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8) IN-KIND CONTRIBUTIONS

The value of donated services included as contributions in the accompanying financial statements and the corresponding expenses for the nine month period ended June 30, 2018 are as follows:

Payroll – in-kind (volunteer hours)	<u>\$108,352</u>
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9) OPERATING LEASE

The Center leases equipment under an operating lease through September 30, 2020. Rental expense for this lease amounted to \$4,515 for the nine month period ended June 30, 2018.

Future minimum payments under the agreement at June 30, 2018 are as follows:

Year ending	
<u>June 30, 2018</u>	
2019	\$4,317
2020	4,317
2021	<u>1,079</u>
	<u>\$9,713</u>

10) EMPLOYEE BENEFIT PLAN

The Center has arranged for all employees to participate in a 403(b) qualified salary deferral plan. Employees voluntarily participate and make any and all contributions on a pre-tax basis. The Center makes no contributions to this plan.

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11) DONOR ADVISED FUNDS

In addition to the financial activity presented herein, the Center has Donor Advised Funds maintained at a foundation valued at \$192,051 as of June 30, 2018. These funds represent bequests and gifts designated for the Center from two generous community donors and are invested in accordance with the donors' wishes. Distributions of income and principal are made as the donor directs and when funds are disbursed to the Center, they are considered foundation grants. During the nine month period ended June 30, 2018, the Center received \$15,802 in income from these Donor Advised Funds.

12) EVENT INCOME, NET

The value of event income, net of cost of direct benefits to donors for the nine month period ended June 30, 2018 is as follows:

Event income	\$205,936
Less direct benefits to donors:	
Catering	17,322
Venue rental	<u>44,217</u>
Total direct benefits to donors	<u>(61,539)</u>
Event income, net	<u>\$144,397</u>

13) SUPPLEMENTAL CASH FLOW INFORMATION

Income taxes paid	<u>\$ -</u>
Interest paid	<u>\$3,805</u>