

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

T/A WILLIAM WAY LGBT COMMUNITY CENTER

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Together with Independent Auditors' Report

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

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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, 2019, and the related statements of activities, statement of 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.

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, 2019, 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.

Ruotolo, Spewak & Co

Mount Laurel, NJ
May 13, 2020

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2019

ASSETS

CURRENT ASSETS

Cash	\$ 230,402
Grants and contributions receivable	181,516
Pledges receivable, current portion	36,825
Prepaid expenses	<u>15,155</u>
Total current assets	<u>463,898</u>

FIXED ASSETS

Property, furniture and equipment, net	<u>737,645</u>
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OTHER ASSETS

Pledges receivable, net of current portion and discount	91,257
Tenant security deposits	<u>5,198</u>
Total current assets	<u>96,455</u>

Total assets	<u><u>\$1,297,998</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Line of credit	\$ 267,682
Accounts payable	2,774
Deferred revenue	<u>8,570</u>
Total current liabilities	279,026

LONG-TERM LIABILITIES

Tenant security deposits	<u>10,784</u>
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Total liabilities	<u>289,810</u>
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NET ASSETS

Net assets without donor restrictions	580,912
Net assets with donor restrictions	<u>427,276</u>
Total net assets	<u>1,008,188</u>

Total liabilities and net assets	<u><u>\$1,297,998</u></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 YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUE AND SUPPORT</u>			
Contributions	\$ 92,072	\$318,995	\$ 411,067
Foundation grants	63,133	182,525	245,658
Government grants	64,184	-	64,184
United Way	31,833	-	31,833
Building reimbursement revenue	147,144	-	147,144
In-kind contributions	110,747	-	110,747
Event income, net	353,975	-	353,975
Program income	4,518	-	4,518
Interest	32	-	32
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>301,344</u>	<u>(301,344)</u>	<u>-</u>
Total revenue and support	<u>1,168,982</u>	<u>200,176</u>	<u>1,369,158</u>
<u>PROGRAM EXPENSES</u>			
Program services	<u>1,056,825</u>	<u>-</u>	<u>1,056,825</u>
<u>SUPPORT SERVICES</u>			
Management and general services	123,083	-	123,083
Fundraising	<u>125,277</u>	<u>-</u>	<u>125,277</u>
Total support services	<u>248,360</u>	<u>-</u>	<u>248,360</u>
Total expenses	<u>1,305,185</u>	<u>-</u>	<u>1,305,185</u>
Change in net assets	(136,203)	200,176	63,973
Net assets, beginning of fiscal year	<u>717,115</u>	<u>227,100</u>	<u>944,215</u>
Net assets, end of fiscal year	<u>\$580,912</u>	<u>\$427,276</u>	<u>\$1,008,188</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 YEAR ENDED JUNE 30, 2019

	Management			Total
	Program and	General		
	<u>Services</u>	<u>Services</u>	<u>Fundraising</u>	<u>Expenses</u>
Payroll	\$ 509,768	\$ 51,791	\$ 65,008	\$ 626,567
Payroll – in-kind (volunteer hours)	107,428	209	3,110	110,747
Payroll taxes and fringes	85,974	11,022	13,227	110,223
Advertising and marketing	202	14	72	288
Bad debt	-	11,670	-	11,670
Bank and credit card charges	496	9,434	-	9,930
Building repairs and maintenance	75,583	3,978	-	79,561
Insurance	19,319	3,091	3,349	25,759
Interest	8,287	1,326	1,437	11,050
Office supplies	3,697	591	641	4,929
Postage	506	101	1,416	2,023
Printing	2,996	428	5,136	8,560
Professional fees	96,810	15,489	16,780	129,079
Program expenses	58,637	-	-	58,637
Staff training	112	18	20	150
Telephone	9,885	1,581	1,713	13,179
Travel	26,644	4,263	4,618	35,525
Depreciation	<u>50,481</u>	<u>8,077</u>	<u>8,750</u>	<u>67,308</u>
Total expenses	<u>\$1,056,825</u>	<u>\$123,083</u>	<u>\$125,277</u>	<u>\$1,305,185</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 YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 63,973
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Bad debt expense	11,670
Depreciation	67,308
Decrease (increase) in assets:	
Grants and contributions receivable	16,491
Pledges receivable	(128,082)
Prepaid expenses	(7,855)
Tenant security deposits	4,675
Increase (decrease) in liabilities:	
Accounts payable	(17,174)
Deferred revenue	3,420
Tenant security deposits	(400)
Net cash provided by operating activities	<u>14,026</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net (Purchase) of furniture and equipment	(60,301)
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CASH FLOWS FROM FINANCING ACTIVITIES

Net proceeds from lines of credit	<u>59,106</u>
Net increase in cash	12,831
Cash, beginning of fiscal year	<u>217,571</u>
Cash, end of fiscal year	<u>\$230,402</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'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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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 year ended June 30, 2019.

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, Grants and Pledges Receivable

Accounts, grants, and pledges 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, 2019, no allowance was necessary. The discounts on pledges receivable are computed using a risk-free interest rate applicable to the year in which the contribution is made. Amortization of the discount is included in contribution revenue.

Restricted and Unrestricted Revenue

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 May 13, 2020, 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)

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities. The amendments improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The amendments in this update should be applied on a retrospective basis in the year that the update is first applied. However, if presenting comparative financial statements, a not-for-profit entity has the option to omit certain information for any periods presented before the period of adoption. The Center adopted the amendments in this update effective July 1, 2018. The adoption of the ASU will not change total net assets, but it will change the classification by combining restricted net assets into a single class.

3) PLEDGES RECEIVABLE

The Center has received multi-year pledges to be collected during the following years at June 30, 2019:

2020	\$ 36,825
2021	36,575
2022	36,025
2023	34,925
Less: Discount on pledges receivable	<u>(16,268)</u>
	<u>\$128,082</u>

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4) PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture and equipment consists of the following at June 30, 2019:

Land	\$ 150,000
Building	233,792
Building renovations and improvements	753,690
Computer equipment	25,470
Construction in progress	1,600
Building equipment	558,350
Furniture and fixtures	<u>67,553</u>
	1,790,455
Less: Accumulated depreciation	<u>(1,052,810)</u>
	<u>\$737,645</u>

5) LINE OF CREDIT

The Center maintains a \$300,000 line of credit with a bank of which \$117,682 was outstanding at June 30, 2019. The line of credit carries an interest rate of Prime plus .25% but no less than 5%. Prime was 5.5% at June 30, 2019. As such, the interest rate charged on the loan is 5.75% 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, 2020.

The Center maintains an additional \$150,000 line of credit with a bank of which \$150,000 was outstanding at June 30, 2019. The line of credit carries an interest rate of 5% 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, 2021.

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following programs at June 30, 2019:

Archives	\$ 31,306
Conservation and curation	45,000
Endowment fund	189,729
Senior services	18,159
Subsequent years' operations from pledges	128,082
Trans wellness	5,000
Transgender resource center	<u>10,000</u>
	<u>\$427,276</u>

7) SATISFACTION OF PROGRAM RESTRICTIONS

Net assets were released from donor-restrictions by incurring expense satisfying the restricted purposes specified by the donors. Purpose restrictions accomplished for the year ended June 30, 2019 were:

Archives	\$ 80,724
Chairs	1,727
Conservation and curation	30,000
Direct effect	5,875
General operations from pledges	79,250
Health and well-being	15,000
Out and faithful	5,000
Senior services	29,841
Trans leadership	5,000
Transgender resource center	10,000
Wheelchair ramp	10,000
Windows	<u>28,927</u>
	<u>\$301,344</u>

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8) 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, 2019 are as follows:

Year ending	
<u>June 30,</u>	
2020	<u>\$49,285</u>

9) IN-KIND CONTRIBUTIONS

The value of donated services included as contributions in the accompanying financial statements and the corresponding expenses for the year ended June 30, 2019 are as follows:

Payroll – in-kind (volunteer hours)	<u>\$110,747</u>
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10) OPERATING LEASE

The Center leases equipment under an operating lease through September 30, 2020. Rental expense for this lease amounted to \$4,317 for the year ended June 30, 2019.

Future minimum payments under the agreement at June 30, 2019 are as follows:

Year ending	
<u>June 30, 2019</u>	
2020	\$4,317
2021	<u>1,079</u>
	<u>\$5,396</u>

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.

T/A WILLIAM WAY LGBT COMMUNITY CENTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11) 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.

12) ENDOWMENT FUND

Included in the financial activity presented herein, the Center has funds maintained at a foundation valued at \$189,729 as of June 30, 2019. 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 when funds are disbursed to the Center, and are treated as releases from restrictions. During the year period ended June 30, 2019, the Center received \$11,486 in income from the endowment fund.

13) EVENT INCOME, NET

The value of event income, net of cost of direct benefits to donors for the year ended June 30, 2019 is as follows:

Event income	\$394,344
Less direct benefits to donors:	
Catering	23,710
Venue rental	<u>16,659</u>
Total direct benefits to donors	<u>(40,369)</u>
Event income, net	<u>\$353,975</u>

14) SUPPLEMENTAL CASH FLOW INFORMATION

Income taxes paid	\$ <u> -</u>
Interest paid	<u>\$11,050</u>