

**GAY AND LESBIAN ALLIANCE OF THE CENTRAL
COAST**

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

**For the Year Ended
December 31, 2012**

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST
INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS
For the Years Ended December 31, 2012

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Assets, Liabilities and Net Assets – Modified Cash Basis	3
Statement of Revenue, Expenses and Other Changes in Net Assets – Modified Cash Basis.....	4
Statement of Functional Expenses – Modified Cash Basis.....	5
NOTES TO FINANCIAL STATEMENTS	6-8

Independent Auditors' Report

Board of Directors
Gay and Lesbian Alliance of the Central Coast
San Luis Obispo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Gay and Lesbian Alliance of the Central Coast which comprise the statement of assets, liabilities, and net assets – modified cash basis of as of December 31, 2012, the related statement of revenue, expenses, and other changes in net assets – modified cash basis and the schedule of functional expenses 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 misstatements.

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.

As described in Note 1, these financial statements were prepared on a modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Gay and Lesbian Alliance of the Central Coast as of December 31, 2012 and its revenues, expenses and other changes in net assets for the year then ended, on the basis of accounting described in Note 1.


BURKART & ASSOCIATES
an Accountancy Corporation

May 30, 2013

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST
STATEMENT OF
ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
For the Year Ended December 31, 2012

ASSETS

Current assets

Cash and cash equivalents (Note 1)

Total current assets

Property and equipment, net (Notes 1 and 2)

Total assets

2012			
Operating Fund Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 133,765	\$ 2,000	\$ 20,369	\$ 156,134
133,765		20,369	156,134
1,390,253			1,390,253
\$ 1,524,018	\$ 2,000	\$ 20,369	\$ 1,546,387

LIABILITIES AND NET ASSETS

Net assets

Unrestricted

Temporarily restricted

Permanently restricted (Board designated)

Total net assets

Total liabilities and net assets

2012			
Operating Fund Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 1,524,018			\$ 1,524,018
	\$ 2,000		2,000
		\$ 20,369	20,369
1,524,018	2,000	20,369	1,546,387
\$ 1,524,018	\$ 2,000	\$ 20,369	\$ 1,546,387

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST
STATEMENT OF REVENUES, EXPENSES, AND OTHER
CHANGES IN NET ASSETS - MODIFIED CASH BASIS
For the Year Ended December 31, 2012

	2012			Total
	Operating Fund Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue and Support				
Donations	\$ 20,287	\$ 2,000		\$ 22,287
In kind donations	18,155			18,155
Membership dues	5,750			5,750
Fundraising and special event income	143,676			143,676
Advertising	3,355			3,355
Rental income	24,375			24,375
Investment income	345		\$ 54	399
Total revenue, gains, and support	215,943	2,000	54	217,997
Expenses				
Program services	143,365			143,365
Management and general	51,729			51,729
Fundraising	19,978			19,978
Total expenses	215,072			215,072
Change in net assets	\$ 871	\$ 2,000	\$ 54	\$ 2,925
Net Assets beginning of the year-December 31, 2012	1,523,147	-	20,315	1,543,462
Net Assets end of the year-December 31, 2012	\$ 1,524,018	\$ 2,000	\$ 20,369	\$ 1,546,387

See accountants' audit report and accompanying notes

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2012

	2012			
	Program Services	Management & General	Fund Raising	Total
Functional expenses				
Bank service charges	\$ 586	\$ 586		\$ 1,172
Business meetings		503		503
Charitable donations	1,695			1,695
Depreciation	12,582	12,581		25,163
Dues and subscriptions	1,553			1,553
Equipment rental	3,035	3,035		6,070
Fundraising and special event expense	79,912		\$ 19,978	99,890
Insurance - liability/property/director & officer	2,818	2,818		5,636
License and permits	51	51		102
Office supplies	1,412	1,412		2,824
Outreach	242			242
Outside contract services	21,844	21,844		43,688
Postage and mailing service	490	490		980
Printing	1,053			1,053
Professional fees	2,538	2,537		5,075
Program service expense	4,487			4,487
Real estate taxes	1,999	1,998		3,997
Repairs and maintenance	215	215		430
Security	111	111		222
Storage rent	1,500			1,500
Taxes	422			422
Telephone	624	624		1,248
Travel/conferences	1,272			1,272
Utilities	2,924	2,924		5,848
Total functional expenses	\$ 143,365	\$ 51,729	\$ 19,978	\$ 215,072

See accountants' audit report and accompanying notes

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Gay and Lesbian Alliance of the Central Coast is a non-profit 501C(3), non-stock corporation, organized under the laws of the State of California. The objective of the Gay and Lesbian Alliance of the Central Coast is to provide a safe environment for Gays and Lesbians and provide public awareness of the rights of Gays and Lesbians. The Organization was incorporated in 1994.

Basis of Accounting

The financial statements of the Organization have been prepared on the modified cash basis of accounting. The financial resources are maintained in accordance with the principles of fund accounting.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization 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.

- Unrestricted net assets represent expendable funds available for operations which are not limited otherwise by donor restrictions and net assets released from temporary restrictions due to the terms of the restrictions or contingencies being met.
- Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions or restrictions voluntarily approved and imposed by the Board of Directors. Temporary restrictions are contingent upon specific performance of a future event or a specific passage of time.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations. The Organization has permanently restricted funds at this time.

Revenue Recognition

The Organization reports gifts of cash and other assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. The Organization reports donor restricted gifts as temporarily restricted or permanently restricted revenues. Temporarily restricted net assets are reclassified to unrestricted net assets when donor restrictions are satisfied. Gifts with restrictions that are satisfied within the same reporting period are recorded as unrestricted contributions.

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills that would typically need to be purchased if not provided by donation, if any, are recorded at their fair values in the period received.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenue, expenses, and other changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is a not-for-profit organization and is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and Cal. Rev. & Tax Dc. Sec. 23701(d).

Cash and Cash Equivalents

Cash and cash equivalents include cash deposited in checking accounts for operational purposes and funds invested in highly liquid money market accounts.

Property and Equipment

Property and equipment are recorded at cost. Repairs and maintenance are charged to expense when incurred. Depreciation expense is calculated on the straight-line method over the useful life of five to forty years.

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 2: FIXED ASSETS

Summaries of fixed assets by major classifications at December 31, 2012 are as follows:

	<u>2012</u>
Furniture and equipment	\$ 30,823
Building	1,320,073
Building improvements	<u>129,966</u>
Total fixed assets	1,480,862
Less accumulated depreciation	<u>(90,609)</u>
Net property and equipment	<u>\$ 1,390,253</u>

Depreciation expense for the year ended December 31, 2012 was \$ 25,163.

NOTE 3: EQUIPMENT RENTAL

The Organization entered into a lease agreement dated 10/9/09 with Ricoh for a copier. The lease calls for 60 monthly payments of \$ 352.50 per month. Future lease payments are as follows:

	<u>Year</u>	<u>Amount</u>
For the year ending December 31,	2013	\$ 4,230
	2014	4,230
	2015	<u>353</u>
Total		<u>\$ 8,813</u>

NOTE 4: CONCENTRATION OF RISK

A portion of the Organization's contributions and fundraising revenue is generated from the surrounding businesses and private communities.

NOTE 5: SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 30, 2013, the date which the financial statements were available to be issued, and there were no subsequent events to report.