

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

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

For the Year Ended
December 31, 2011

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST
INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS
For the Years Ended December 31, 2011

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Independent Auditors' Report

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

We have audited the accompanying statement of assets, liabilities, and net assets – modified cash basis of the Gay and Lesbian Alliance of the Central Coast as of December 31, 2011, 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. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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.

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, 2011 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

October 10, 2012

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST

STATEMENT OF
ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
For the Year Ended December 31, 2011

ASSETS

Current assets

Cash and cash equivalents (Note 1)

Total current assets

Property and equipment, net (Notes 1 and 2)

Total assets

2011		
Operating Fund Unrestricted	Permanently Restricted	Total
\$ 107,731	\$ 20,315	\$ 128,046
107,731	20,315	128,046
1,415,416		1,415,416
\$ 1,523,147	\$ 20,315	\$ 1,543,462

LIABILITIES AND NET ASSETS

Net assets

Unrestricted

Permanently restricted (Board designated)

Total net assets

Total liabilities and net assets

2011		
Operating Fund Unrestricted	Permanently Restricted	Total
\$ 1,523,147		\$ 1,523,147
	\$ 20,315	20,315
1,523,147	20,315	1,543,462
\$ 1,523,147	\$ 20,315	\$ 1,543,462

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, 2011

	2011		
	Operating Fund Unrestricted	Permanently Restricted	Total
Revenue and Support			
Donations	\$ 15,062		\$ 15,062
Membership dues	6,590		6,590
Fundraising and special event income	148,877		148,877
Advertising	5,280		5,280
Rental income	17,350		17,350
Investment income	907	\$ 130	1,037
 Total revenue, gains, and support	 194,066	 130	 194,196
Expenses			
Program services	140,112		140,112
Management and general	43,919		43,919
Fundraising	21,487		21,487
 Total expenses	 205,518		 205,518
 Change in net assets	 \$ (11,452)	 \$ 130	 \$ (11,322)
 Net Assets beginning of the year-December 31, 2010	 1,534,599	 20,185	 1,554,784
 Net Assets end of the year-December 31, 2011	 \$ 1,523,147	 \$ 20,315	 \$ 1,543,462

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, 2011

	2011			
	Program Services	Management & General	Fund Raising	Total
Functional expenses				
Bank service charges	\$ 595	\$ 594		\$ 1,189
Business meetings		126		126
Charitable donations	250			250
Depreciation	12,222	12,221		24,443
Dues and subscriptions	927			927
Equipment rental	2,819	2,819		5,638
Fundraising and special event expense	85,948		\$ 21,487	107,435
Insurance - liability/property	2,439	2,439		4,878
License and permits	838	837		1,675
Office supplies	1,707	1,706		3,413
Outreach	610			610
Outside contract services	14,201	14,200		28,401
Postage and mailing service	708	708		1,416
Printing	192			192
Professional fees	763	762		1,525
Program service expense	3,746			3,746
Real estate taxes	2,319	2,319		4,638
Repairs and maintenance	1,586	1,585		3,171
Security	659	658		1,317
Storage rent	1,500			1,500
Taxes	843			843
Telephone	759	758		1,517
Travel/conferences	2,294			2,294
Utilities	2,187	2,187		4,374
Total functional expenses	\$ 140,112	\$ 43,919	\$ 21,487	\$ 205,518

See accountants' audit report and accompanying notes

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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. The Organization has no temporarily restricted funds at this 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, 2011

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, 2011

NOTE 2: FIXED ASSETS

Summaries of fixed assets by major classifications at December 31, 2011 are as follows:

	2011
Furniture and equipment	\$ 30,823
Building	1,320,073
Building improvements	129,966
Total fixed assets	1,480,862
Less accumulated depreciation	(65,446)
Net property and equipment	\$ 1,415,416

Depreciation expense for the year ended December 31, 2011 was \$ 24,443.

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:

	Year	Amount
For the year ending December 31,	2012	\$ 4,230
	2013	4,230
	2014	4,230
	2015	353
Total		\$ 13,043

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 October 10, 2012, the date which the financial statements were available to be issued, and there were no subsequent events to report.