

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

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

**For the Year Ended
December 31, 2018**

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST
INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS
For the Years Ended December 31, 2018

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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 financial statements of the Gay and Lesbian Alliance of the Central Coast (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis of as of December 31, 2018, the related statement of revenue, expenses, and other changes in net assets – modified cash basis and the statement of functional expenses – modified cash basis 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 the modified cash basis of accounting; 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.

Gay and Lesbian Alliance of the Central Coast
Independent Auditors' Report (continued)
For the year ended December 31, 2018

Auditor's responsibility (continued)

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 assets, liabilities, and net assets of the Gay and Lesbian Alliance of the Central Coast as of December 31, 2018 and its support, revenues, expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



BURKART & STEVENS
an Accountancy Corporation

July 31, 2019

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST
STATEMENT OF
ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
For the Year Ended December 31, 2018

ASSETS

Current assets

Cash and cash equivalents (Note 1)
Investments (Note 1)
Prepaid taxes

Total current assets

Property and equipment, net (Notes 1 and 2)

Total assets

2018		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 57,486	\$ 35,354	\$ 92,840
-	80,934	80,934
1,034	-	1,034
58,520	116,288	174,808
1,293,736	-	1,293,736
\$ 1,352,256	\$ 116,288	\$ 1,468,544

LIABILITIES AND NET ASSETS

Net assets

Without Donor Restrictions (Note 5)
With Donor Restrictions (Note 5)

Total net assets

Total liabilities and net assets

2018		
With Donor Restrictions	With Donor Restrictions	Total
\$ 1,352,256	\$ -	\$ 1,352,256
-	116,288	116,288
1,352,256	116,288	1,468,544
\$ 1,352,256	\$ 116,288	\$ 1,468,544

See independent auditors' report.
The accompanying notes are an integral part of these financial statements.

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, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Donations	\$ 17,207	\$ -	\$ 17,207
In kind donations (Note 2)	32,098	-	32,098
Membership dues	4,421	-	4,421
Fundraising and special event income,	110,694	-	110,694
Advertising	1,101	-	1,101
Rental income	25,926	-	25,926
Investment income, net	(1,744)	-	(1,744)
Total revenue, gains, and support	189,703	-	189,703
Expenses			
Program services	154,673	-	154,673
Management and general	61,889	-	61,889
Fundraising	21,685	-	21,685
Total expenses	238,247	-	238,247
Change in net assets	(48,544)	-	(48,544)
Net assets beginning of the year	1,403,332	113,756	1,517,088
Net assets placed into restriction	(2,532)	2,532	-
Net assets end of the year (Note 5)	\$ 1,352,256	\$ 116,288	\$ 1,468,544

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
For the Year Ended December 31, 2018

	2018			
	Program Services	Management & General	Fund Raising	Total
<i>Functional expenses</i>				
Bank service charges	\$ 96	\$ 96	\$ -	\$ 191
Business meetings	-	5,345	-	5,345
Charitable donations	40	-	-	40
Depreciation	12,841	12,841	-	25,682
Dues and subscriptions	704	-	-	704
Equipment rental	331	331	-	662
Fundraising and special event expense	86,739	-	21,685	108,424
Insurance	4,216	4,216	-	8,432
License and permits	183	183	-	365
Office supplies	1,729	1,729	-	3,457
Outside contract services	27,395	27,395	-	54,789
Postage and mailing service	395	395	-	790
Printing	4,162	-	-	4,162
Professional fees	2,198	2,198	-	4,395
Program service expense	4,783	-	-	4,783
Real estate taxes	2,319	2,319	-	4,638
Repairs and maintenance	550	550	-	1,099
Security	222	222	-	444
Taxes	1,701	-	-	1,701
Telephone	800	800	-	1,600
Utilities	3,272	3,272	-	6,544
<i>Total functional expenses</i>	\$ 154,673	\$ 61,889	\$ 21,685	\$ 238,247

See independent auditors' report.
The accompanying notes are an integral part of these financial statements.

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1: ORGANIZATION

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the modified cash basis of accounting. Accordingly, revenues are recognized when received rather than when earned and expenses are recognized when paid, rather than when the obligation is incurred. The modification of the cash basis includes: recording of prepaid expenses, capitalizing acquisitions of fixed assets and recording depreciation of fixed assets. The direct write-off method is used to write-off uncollectible accounts when they become known. Net assets are presented on the basis of without donor restrictions and with donor restrictions.

Basis of Presentation

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets.

- Net assets *without donor restrictions* are net assets not subject to donor-imposed restrictions or law.
- Net assets *with donor restrictions* are net assets subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. Contributions restricted by donors whose restrictions are met in the same reporting periods are recorded as unrestricted. Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions are permanently restricted. Restrictions stipulate that resources must be maintained permanently but permit the Organization to expend the income generated in accordance with the provisions of the agreements.

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

Revenue Recognition

The Organization reports gifts of cash and other assets as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. The Organization reports donor restricted gifts as revenues with donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions when donor restrictions are satisfied. Gifts with restrictions that are satisfied within the same reporting period are recorded as contributions without donor restrictions.

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.

Investments

Investments are carried at fair value and consist of debt and equity securities.

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Property and Equipment

Property and equipment are recorded at cost. In-kind donations of fixed assets used directly by the chapter are valued at their appraised values at the time of the gift. Repairs and maintenance are charged to expense when incurred. Depreciation expense is calculated on the straight-line method over the useful life of the related asset.

	<u>Estimated Useful Lives in Years</u>
Furniture and Equipment	5-10
Building	39
Improvements	15-39

In-Kind Donations

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. The amounts reflected in the accompanying financial statements as in-kind donations are offset by like amounts included in expenses or assets.

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. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3: FIXED ASSETS

Summaries of fixed assets by major classifications at December 31, 2018 are as follows:

	<u>2018</u>
Furniture and equipment	\$ 33,651
Building	660,037
Building improvements	<u>182,364</u>
Total fixed assets	876,052
Less accumulated depreciation	<u>(242,352)</u>
Net Property and Equipment	633,700
Land	<u>660,036</u>
Net property and equipment	<u>\$ 1,293,736</u>

Depreciation expense for the year ended December 31, 2018 was \$ 25,163.

NOTE 4: LEASE COMMITMENTS

The Organization entered into a lease agreement dated December 2, 2014 with De Lage Landen Financial Services, Inc. for a copier. The lease calls for 60 monthly payments of \$ 183 per month. Future lease payments are as follows:

	<u>Year</u>	<u>Amount</u>
For the year ending December 31,	2019	<u>\$ 2,196</u>
Total		<u>\$ 2,196</u>

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 5: NET ASSETS

At December 31, 2018, net assets were restricted by donors or designated by the Organization as follows:

Net assets without donor restrictions:	
Undesignated	\$ 1,352,256
Total net assets without donor restrictions	1,352,256
Net assets with donor restrictions:	
Facility improvements, emergency funds, and other purposes	116,288
Total net assets with donor restrictions	116,288
Total net assets	\$ 1,468,544

Net assets were placed into donor restriction as follows:

Purpose restrictions:	
Other purposes	\$ 2,532
Purpose restrictions	\$ 2,532

NOTE 6: LIQUID RESOURCE MANAGEMENT

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the chapter considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of December 31, 2018, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents and investments	\$ 173,774
Financial assets available for general expenditures over next 12-months	\$ 173,774

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 7: CONCENTRATION OF RISK

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained at high-quality financial institutions and accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$ 250,000. At December 31, 2018 the Organization had no uninsured balances at these institutions

In addition, a portion of the Organization's contributions and fundraising revenue is generated from the surrounding businesses and private communities.

NOTE 8: SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 31, 2019, the date which the financial statements were available to be issued, and there were no subsequent events to report.