

Lavender Youth Recreation & Information Center

Financial Statements &
Independent Auditor's Report
for the Year Ended
June 30, 2013



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Independent Auditor's Report

To the Board of Directors
Lavender Youth Recreation & Information Center
San Francisco, California

We have audited the accompanying financial statements of Lavender Youth Recreation & Information Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, the related statements of activities and changes in net assets, 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.

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 an assessment of the risks of the 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 Lavender Youth Recreation & Information Center as of June 30, 2013, 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.

Report on Summarized Comparative Information

We have previously audited the June 30, 2012 financial statements of Lavender Youth Recreation & Information Center and our report dated January 31, 2013 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink that reads "Cook & Company". The signature is written in a cursive, flowing style.

Certified Public Accountant
February 26, 2014

Lavender Youth Recreation & Information Center

Statement of Financial Position June 30, 2013 with Comparative Totals for June 30, 2012

	6/30/2013 <u>Total</u>	6/30/2012 Total (Note 2) <u> </u>
ASSETS		
Current Assets:		
Cash & equivalents	\$574,578	\$522,246
Contracts receivable	99,766	138,842
Grants & pledges receivable (Note 3)	97,549	119,400
Other accounts receivable	5,371	2,096
Prepaid expenses	4,371	2,517
Total current assets	781,635	785,101
Grants receivable, long-term (Note 3)	9,615	18,861
Property & equipment, net (Note 4)	580,944	603,226
Other long-term assets	17,705	14,349
TOTAL ASSETS	\$1,389,899	\$1,421,537
 LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts payable	\$17,714	\$17,991
Accrued salaries	33,312	32,122
Accrued vacation pay	33,756	29,834
Deferred contract revenue	6,000	0
Current portion of long-term debt (Note 5)	4,834	4,590
Total current liabilities	95,616	84,537
Long-term debt (Note 5)	77,917	82,762
Other long-term liabilities	6,669	6,924
TOTAL LIABILITIES	180,202	174,223
Net Assets		
Unrestricted	1,097,851	1,032,624
Temporarily restricted (Note 6)	111,846	214,690
TOTAL NET ASSETS	1,209,697	1,247,314
TOTAL LIABILITIES & NET ASSETS	\$1,389,899	\$1,421,537

See accompanying notes to financial statements
and independent auditor's report.

Lavender Youth Recreation & Information Center

Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2013 with Comparative Totals for the Year Ended June 30, 2012

	Unrestricted			Temporarily Restricted	2012-2013 Total	2011-2012 Total (Note 2)
	LYRIC Core Activities	Sponsored Projects	Total Unrestricted			
Support & Revenue:						
Government grants & contracts	\$527,909	\$90,960	\$618,869		\$618,869	\$563,299
Private grants & contributions	160,724	5,400	166,124	\$309,051	475,175	550,109
Net assets released from restriction:						
Satisfaction of donor restrictions	284,219	127,676	411,895	(411,895)	0	0
Program revenue	12,250	200	12,450		12,450	13,503
Special Event	0	5,317	5,317		5,317	2,650
Miscellaneous	3,585	1,195	4,780		4,780	0
Total support & revenue	988,687	230,748	1,219,435	(102,844)	1,116,591	1,129,561
Expenses:						
Program services	657,893	210,079	867,972		867,972	795,894
General & administrative	117,704	20,669	138,373		138,373	157,562
Fundraising	147,863		147,863		147,863	104,870
Total expenses	923,460	230,748	1,154,208	0	1,154,208	1,058,326
CHANGE IN NET ASSETS	65,227	0	65,227	(102,844)	(37,617)	71,235
NET ASSETS, July 1	1,032,624	0	1,032,624	214,690	1,247,314	1,176,079
NET ASSETS, June 30	<u>\$1,097,851</u>	<u>\$0</u>	<u>\$1,097,851</u>	<u>\$111,846</u>	<u>\$1,209,697</u>	<u>\$1,247,314</u>

See accompanying notes to financial statements
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Lavender Youth Recreation & Information Center

Statement of Functional Expenses for the Year Ended June 30, 2013 with Comparative Totals for the Year Ended June 30, 2012

	PROGRAM SERVICES						SUPPORTING SERVICES			6/30/2013 Total	6/30/2012 Total (Note 2)
	Workforce Development	Community Building	Youth Advocacy	School- Based Initiative	Policy & Advocacy	Sponsored Projects	Total Programs	General & Administrative	Fundraising		
Salaries, employee benefits & payroll taxes	\$195,477	\$117,834	\$103,608	\$95,686	\$29,956	\$126,039	\$668,600	\$101,809	\$116,050	\$886,459	\$810,897
Consulting & professional fees	6,191	7,956	8,427	9,290	922	20,878	53,664	24,387	13,049	91,100	83,877
Supplies	6,230	4,924	1,409	2,737	492	15,186	30,978	1,675	1,394	34,047	27,171
Telecommunications	824	748	1,577	622	214	2,975	6,960	471	566	7,997	6,549
Postage	105	107	110	88	42	359	811	61	126	998	1,054
Printing & copying	629	722	302	103	47	468	2,271	96	248	2,615	2,262
Insurance	1,801	1,648	1,336	1,089	56	1,326	7,256	1,194	278	8,728	9,332
Subscriptions & reference materials	104	108	117	87	43	665	1,124	83	94	1,301	789
Facility & equipment expense	5,794	6,057	3,923	3,022	467	19,768	39,031	1,794	2,035	42,860	37,237
Travel & meetings	1,004	121	419	674	829	1,851	4,898	2,734	236	7,868	6,351
Professional development	1,254	153	763	283	716	8,764	11,933	428	3,282	15,643	9,692
Fundraising & marketing	27	26	24	22	9	997	1,105	22	6,449	7,576	5,926
Participant expenses	1,467	100	2,555	95		5,339	9,556			9,556	18,780
Depreciation	6,238	7,879	5,201	4,003	539	398	24,258	2,273	2,569	29,100	28,363
Miscellaneous expense	87	61	255	54	4	5,066	5,527	1,346	1,487	8,360	10,046
TOTAL	\$227,232	\$148,444	\$130,026	\$117,855	\$34,336	\$210,079	\$867,972	\$138,373	\$147,863	\$1,154,208	\$1,058,326

See accompanying notes to financial statements
and independent auditor's report.

Lavender Youth Recreation & Information Center

Statement of Cash Flows for the Year Ended June 30, 2013 with Comparative Totals for the Year Ended June 30, 2012

	<u>2012-2013</u>	<u>2011-2012 Total (Note 2)</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	(\$37,617)	\$71,235
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	29,100	28,363
Changes in assets and liabilities:		
(Increase) decrease in grants & pledges receivable	31,097	(99,877)
(Increase) decrease in contracts receivable	39,076	(60,223)
(Increase) decrease in other assets	(8,485)	(6,352)
Increase (decrease) in accounts payable	(277)	8,924
Increase (decrease) in other liabilities	10,857	6,321
	63,751	(51,609)
<i>Cash flows from investing activities:</i>		
Purchases of fixed assets	(6,818)	0
	(6,818)	0
<i>Cash flows from financing activities:</i>		
Principal payments on mortgage	(4,601)	(4,314)
	(4,601)	(4,314)
Cash provided (used) during year	52,332	(55,923)
Cash & cash equivalents:		
Beginning of year, July 1	522,246	578,169
End of year, June 30	\$574,578	\$522,246

See accompanying notes to financial statements
and independent auditor's report.

Lavender Youth Recreation & Information Center

Notes to Financial Statements

June 30, 2013

1. The Organization

Nature of activities

Lavender Youth Recreation & Information Center (LYRIC or the Organization) is a nonprofit organization whose mission is to build community and inspire positive social change through education enhancement, career training, health promotion, and leadership development with lesbian, gay, bisexual, transgender, queer, and questioning (LGBTQQ) youth, their families, and allies of all races, classes, genders, and abilities. Exempt from income taxes under section 501(c)(3) of the Internal Revenue Code, the Organization is governed by a Board of Directors.

LYRIC's major programs consist of:

Workforce Development

LYRIC's Youth Workforce Development program provides LGBTQQ and straight ally youth with the knowledge, skills, abilities, and experiences that prepare them for the work world. Through this program, youth learn to: engage in activities that build their emotional and intellectual capacity; succeed in school and explore post-secondary pathways to cultivate economic self-sufficiency; obtain meaningful work experience that builds their basic job readiness/leadership skills; and develop the means to thrive as individuals, utilizing critical thinking/problem solving skills to contribute to the vitality of their communities. Youth were placed in a continuum of paid, work-based learning opportunities.

Community Building

LYRIC's Community Building Program decreases the isolation of LGBTQQ young people and promotes healthy communities of caring peers and adult allies. Youth participated in LYRIC's three, peer-led community building groups that celebrate different members of our community—Transmagic (celebrating trans/gender-variant youth), Honey (celebrating LBTQQ young women), and M.E.E.T. (celebrating GBTQQ young men). All groups were open to all youth. Additionally, youth participated in peer-led special events, such as dances, holiday gathers, and BBQs.

Youth Advocacy

LYRIC's Youth Advocacy program provides a continuum of individualized case management supports for LGBTQQ youth. Youth gained access to housing, violence prevention services, educational support, legal services, and healthcare. Case management services were available on-site at LYRIC as well as at the Dimensions Clinic, The SF LGBT Center's Meal Night, and at school sites. Youth engaged in on-site mental health/substance abuse counseling. At intake, youth reported high levels of unemployment, homelessness, and mental health issues.

School-Based Initiative

LYRIC's School-Based program empowers students, teachers, and families to create schools where LGBTQQ youth can thrive. Across three school sites, youth participated in a year-long course for students, exploring themes of culture, identity, and social justice through an LGBTQQ lens. These youth formed leadership teams, leading activities and events for all students throughout the school year. The program provided professional development training to

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Lavender Youth Recreation & Information Center

Notes to Financial Statements

June 30, 2013

(continued)

teachers/staff and facilitated on-site support groups for parents. Students participating in our program report a significant decrease in bullying and harassment experienced at school, improvement in their sense of safety at school, and improvement in their sense of school connectedness.

Policy & Advocacy

LYRIC's Policy and Advocacy program addresses the institutional barriers that negatively impact LGBTQ youth—exclusion of LGBTQ youth perspectives from civic debates, lack of LGBTQ-inclusive data and research, and fragmented resource networks. Through our advocacy efforts, LGBTQ youth and adult allies inform key decision-makers about the issues impacting LGBTQ youth's lives and communities. Through our high level research partnerships, we identify and disseminate cutting edge practices that advance the field of LGBTQ youth development. Through our coordination of an interagency service collaborative, we leverage a wide range of resources—housing, primary care, behavioral health, workforce development, educational services—that provide LGBTQ with the holistic supports that they need to thrive.

Sponsored Projects

The Organization acts as fiscal sponsor for various unincorporated groups whose activities are aligned with LYRIC's mission. Sponsored projects include El/La Para TransLatinas (a program that provides educational and support services to the Latina Transgender community), Maven (a program that creates an interactive virtual community for LGBTQ youth to network, organize and educate for social change), outLoud Radio (a radio program that provides LGBTQ youth with the tools, skills, and confidence to share their stories with a broad audience), Queer African Youth Network (QAYN) (a program that develops leadership among LGBTQ youth throughout West Africa).

Funding

LYRIC receives funding from foundations, corporations, individuals and local government.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, support is recognized when it is awarded, revenue is recognized when it is earned and expenses are recognized when they are incurred.

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets, which includes resources not subject to donor-imposed restrictions.

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Lavender Youth Recreation & Information Center

Notes to Financial Statements June 30, 2013

(continued)

Temporarily restricted net assets, which includes resources subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets, which includes resources subject to donor-imposed restrictions that they be maintained permanently by the Organization. The Organization does not currently have any permanently restricted net assets.

Accounting for Restricted Support

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of fixed assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank checking, savings and money market accounts.

Contracts Receivable

Receivables from program service contracts with government agencies are reported at the amount management expects to collect on balances outstanding at year-end. As all amounts are deemed fully collectible, there is no allowance for doubtful accounts.

Grants & Pledges Receivable

Grants and pledges receivable are recorded based on formal promises received from donors. Amounts due within one year of the balance sheet date are stated at face value, while amounts due beyond one year are discounted to present value using an annual rate of 4%.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, and accounts payable approximate fair value because of the short maturity of these instruments.

Property & Equipment

Fixed assets with a cost of at least \$1,000 are capitalized and stated at cost. Donated fixed assets are stated at their fair market value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 31.5 years for fixed assets currently on the books.

Functional Expenses

Expenses are allocated on a functional basis among LYRIC's program and support services. Expenses that can be identified with a specific activity or support service are allocated directly.

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Lavender Youth Recreation & Information Center

Notes to Financial Statements June 30, 2013

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Expenses that are common to several functions are allocated based on formulas developed by management.

Sponsored Projects

The Organization acts as fiscal sponsor for various unincorporated groups. Since LYRIC maintains legal, financial, and operational authority over these sponsored projects, they represent programs of LYRIC. As such, revenues, expenses, assets, and liabilities of the projects are included in the accompanying financial statements. The projects' unexpended funding is reflected in the ending balance of temporarily restricted net assets.

Income Taxes

As a public charity, the Organization is exempt from income taxes except on activities unrelated to its mission. As management believes that all of the Organization's activities are directly related to its mission, no provision has been made for income tax expense. The Organization's federal *Return of Organization Exempt from Income Tax* (Form 990) for the tax years ending in 2011, 2012 and 2013 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

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.

Comparative Data

The financial statement information for the year ended June 30, 2012, presented for comparative purposes, is not intended to be a complete financial statement presentation. For a complete presentation, please refer to the financial statement for that fiscal year.

3. Grants & Pledges Receivable

	Due within <u>One Year</u>	Due in <u>1 – 5 Years</u>	<u>Total</u>
Grants & pledges receivable, at face value	\$97,549	\$10,000	\$107,549
Present value discount, at 4%		(385)	(385)
Grants & pledges receivable, net	<u>\$97,549</u>	<u>\$9,615</u>	<u>\$107,164</u>

4. Property & Equipment

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$160,174		\$160,174
Building & improvements	844,648	\$426,071	418,577
Furnishings & equipment	<u>33,458</u>	<u>31,265</u>	<u>2,193</u>
Total	<u>\$1,038,280</u>	<u>\$457,336</u>	<u>\$580,944</u>

Lavender Youth Recreation & Information Center

Notes to Financial Statements

June 30, 2013

5. Long-Term Debt

In 1996, the Organization financed the acquisition of its facility with a thirty-year, variable rate mortgage. The current balance of the mortgage is \$87,352, which is secured by a deed of trust on LYRIC's facility. The annual interest rate is based on the bank's index rate plus 3%. The rate is recalculated by the bank twice per year and may never exceed 12% or fall below 2%. The interest rate in effect at June 30, 2013 was 4% and the total interest paid during the year then ended was \$3,519. Future maturities of principal are anticipated as follows:

<u>Fiscal-year ending</u>	<u>Principal payments</u>
June 30, 2014	\$4,834
June 30, 2015	4,910
June 30, 2016	5,117
June 30, 2017	5,334
June 30, 2018	5,560
Thereafter	<u>56,996</u>
Total mortgage balance at June 30, 2013	82,751
Less: current portion	<u>(4,834)</u>
Amount classified as long-term debt	\$77,917

6. Temporarily Restricted Net Assets

Temporarily restricted net assets represent donations and grants to LYRIC that have been restricted for a specific purpose or time period. Details are as follows:

Core activities	\$53,613
Sponsored projects	35,169
Capacity building	12,790
Building renovation	<u>10,273</u>
Total temporarily restricted net assets at June 30, 2013	\$111,845

7. Line of Credit

The Organization has available a \$100,000 bank line of credit, none of which had been drawn down as of June 30, 2013. The line charges interest on outstanding balances at a variable annual rate that is currently 10%.

8. Contingencies

Satisfaction of Funding Source Requirements

The Organization receives grants and contracts that are restricted for a specific program or purpose. If such restrictions are not met in accordance with the funding source agreement, there is the possibility that funds would have to be returned to the funding source. It is management's opinion that all funding source restrictions have been met for amounts that have been either recorded as unrestricted or for which donor restrictions have been released.

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Lavender Youth Recreation & Information Center

Notes to Financial Statements June 30, 2013

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Cash Deposits in Excess of Insurance Limits

From time to time, the Organization's bank deposits may exceed the insurance limits provided by the Federal Deposit Insurance Corporation (F.D.I.C). As of June 30, 2013, LYRIC held \$296,694 in one financial institution. The F.D.I.C. guarantees only \$250,000 of this amount.

9. Management's Review of Subsequent Events

In preparing these financial statements, management has evaluated events for potential recognition or disclosure through February 26, 2014, the date the financial statements were available to be issued.