

Lavender Youth Recreation & Information Center

Financial Statements &
Independent Auditor's Report
for the Year Ended
June 30, 2014



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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, 2014, 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, 2014, 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, 2013 financial statements of Lavender Youth Recreation & Information Center and our report dated February 26, 2014 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, 2013 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
March 16, 2015

Lavender Youth Recreation & Information Center

Statement of Financial Position June 30, 2014 with Comparative Totals for June 30, 2013

	6/30/14 <u>Total</u>	6/30/13 Total (Note 2)
ASSETS		
Current Assets:		
Cash & equivalents	\$ 542,616	\$ 574,578
Contracts receivable	170,963	99,766
Grants & pledges receivable (Note 3)	59,342	97,549
Other accounts receivable	17,207	5,371
Prepaid expenses	18,939	4,371
Total current assets	809,067	781,635
Grants receivable, long-term	4,800	9,615
Property & equipment, net (Note 3)	559,480	580,944
Other long-term assets	17,143	17,705
TOTAL ASSETS	\$ 1,390,490	\$ 1,389,899
 LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 29,173	\$ 17,714
Accrued salaries & payroll taxes	42,608	33,312
Accrued vacation pay	40,546	33,756
Deferred contract revenue	-	6,000
Current portion of long-term debt (Note 4)	5,112	4,834
Total current liabilities	117,439	95,616
Long-term debt (Note 4)	72,783	77,917
Other long-term liabilities	10,270	6,669
TOTAL LIABILITIES	200,492	180,202
Net Assets		
Unrestricted	1,071,757	1,097,851
Temporarily restricted (Note 5)	118,241	111,846
TOTAL NET ASSETS	1,189,998	1,209,697
TOTAL LIABILITIES & NET ASSETS	\$ 1,390,490	\$ 1,389,899

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, 2014 with Comparative Totals for the Year Ended June 30, 2013

	Unrestricted				2013-2014 Total	2012-2013 Total (Note 2)
	LYRIC Core Activities	Sponsored Projects	Total Unrestricted	Temporarily Restricted		
Support & Revenue:						
Government grants & contracts	\$ 861,886	\$191,466	\$ 1,053,352		\$ 1,053,352	\$ 618,869
Private grants & contributions	177,288	238	177,526	\$ 223,989	401,515	475,175
Net assets released from restriction:						
Satisfaction of donor restrictions	157,748	59,846	217,594	(217,594)	-	-
Program revenue	19,150	10,350	29,500		29,500	12,450
Miscellaneous	5,002	1,200	6,202		6,202	10,097
Total support & revenue	1,221,074	263,100	1,484,174	6,395	1,490,569	1,116,591
Expenses:						
Program services	976,039	237,638	1,213,677		1,213,677	867,972
General & administrative	131,667	25,462	157,129		157,129	138,373
Fundraising	139,462		139,462		139,462	147,863
Total expenses	1,247,168	263,100	1,510,268	-	1,510,268	1,154,208
CHANGE IN NET ASSETS	(26,094)	-	(26,094)	6,395	(19,699)	(37,617)
NET ASSETS, July 1	1,097,851	-	1,097,851	111,846	1,209,697	1,247,314
NET ASSETS, June 30	<u>\$ 1,071,757</u>	<u>\$ -</u>	<u>\$ 1,071,757</u>	<u>\$ 118,241</u>	<u>\$ 1,189,998</u>	<u>\$ 1,209,697</u>

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

Lavender Youth Recreation & Information Center

Statement of Functional Expenses for the Year Ended June 30, 2014 with Comparative Totals for the Year Ended June 30, 2013

	PROGRAM SERVICES					SUPPORTING SERVICES				6/30/13 Total (Note 2)
	Workforce Development	Access & Engagement	School- Based Initiative	Policy & Advocacy	Sponsored Projects	Total Programs	General & Administrative	Fundraising	6/30/14 Total	
Salaries, employee benefits & payroll taxes	\$ 320,133	\$ 238,314	\$ 158,650	\$ 54,620	\$ 148,741	\$920,458	\$ 123,075	\$ 107,974	\$ 1,151,507	\$ 886,459
Consulting & professional fees	32,868	24,285	5,229	1,393	10,882	74,657	16,578	4,807	96,042	91,100
Supplies	17,318	6,669	6,702	934	17,749	49,372	2,404	1,603	53,379	34,047
Telecommunications	1,272	3,107	933	314	2,861	8,487	964	650	10,101	7,997
Postage	194	213	139	47	273	866	96	98	1,060	998
Printing & copying	1,983	684	316	48	1,276	4,307	171	1,655	6,133	2,615
Insurance	4,335	3,517	2,049	117	1,574	11,592	1,799	320	13,711	8,728
Subscriptions & reference materials	245	307	212	65	66	895	242	142	1,279	1,301
Facility & equipment expense	10,434	7,068	3,092	655	27,847	49,096	1,742	1,733	52,571	42,860
Travel & meetings	1,236	1,030	1,120	605	940	4,931	4,244	268	9,443	7,868
Professional development	1,447	2,174	842	29	5,037	9,529	2,191	4,379	16,099	15,643
Fundraising & marketing	76	85	56	19	360	596	38	6,725	7,359	7,576
Participant expenses	22,663	6,687	225	765	16,401	46,741	-		46,741	9,556
Depreciation	10,492	10,045	4,305	887	480	26,209	2,408	2,385	31,002	29,100
Miscellaneous expense	225	1,592	136	837	3,151	5,941	1,177	6,723	13,841	8,360
TOTAL	\$ 424,921	\$ 305,777	\$ 184,006	\$ 61,335	\$ 237,638	\$ 1,213,677	\$ 157,129	\$ 139,462	\$ 1,510,268	\$ 1,154,208

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, 2014 with Comparative Totals for the Year Ended June 30, 2013

	<u>2013-2014</u>	<u>2012-2013</u> Total (Note 2)
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ (19,699)	\$ (37,617)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	31,002	29,100
Changes in assets and liabilities:		
(Increase) decrease in grants & pledges receivable	43,022	31,097
(Increase) decrease in contracts receivable	(71,197)	39,076
(Increase) decrease in other assets	(25,842)	(8,485)
Increase (decrease) in accounts payable	11,459	(277)
Increase (decrease) in other liabilities	13,687	10,857
	(17,568)	63,751
Cash provided (used) by operating activities:		
<i>Cash flows from investing activities:</i>		
Purchases of fixed assets	(9,539)	(6,818)
	(9,539)	(6,818)
Cash provided (used) by investing activities:		
<i>Cash flows from financing activities:</i>		
Principal payments on mortgage	(4,855)	(4,601)
	(4,855)	(4,601)
Cash provided (used) by financing activities:		
	(31,962)	52,332
Cash provided (used) during year		
Cash & cash equivalents:		
Beginning of year, July 1	574,578	522,246
End of year, June 30	\$ 542,616	\$ 574,578

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

Lavender Youth Recreation & Information Center

Notes to Financial Statements June 30, 2014

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.

Access & Engagement

LYRIC's Access and Engagement Program decreases the isolation of LGBTQQ young people and promotes healthy communities of caring peers and adult allies through individualized case management and peer-led groups.

The program provides a continuum of individualized case management supports for LGBTQQ youth. At intake, youth reported high levels of unemployment, homelessness, and mental health issues. 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 numerous school sites. Youth engaged in on-site mental health/substance abuse counseling.

Youth participated in LYRIC's peer-led groups that celebrate and promote the resiliency of various members of our community—young women, transgender youth, youth at risk of sexual violence, youth at risk of HIV infection. Additionally, youth participated in peer-led special events, such as dances, holiday gatherings, and barbeques.

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 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,

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Lavender Youth Recreation & Information Center

Notes to Financial Statements June 30, 2014

(continued)

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, 2014

(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. Amounts due beyond one year are discounted to present value, using an annual rate of 4%, only when such discounts are material to the financial statements. Currently, there are no discounts reflected in the accompanying financial statements.

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.

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Lavender Youth Recreation & Information Center

Notes to Financial Statements June 30, 2014

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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. 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 2012, 2013 and 2014 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. The Organization's California *Exempt Organization Annual Information Return* (Form 199) for the tax years ending in 2011, 2012, 2013 and 2014 are subject to examination by the California Franchise Tax Board, generally for four 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, 2013, 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. Property & Equipment

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$160,174		\$160,174
Building & improvements	844,648	\$452,541	392,107
Furnishings & equipment	37,745	30,546	7,199
Total	\$1,042,567	\$483,087	\$559,480

Lavender Youth Recreation & Information Center

Notes to Financial Statements June 30, 2014

4. 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 \$77,895, 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, 2014 was 3.75% 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, 2015	5,112
June 30, 2016	5,208
June 30, 2017	5,414
June 30, 2018	5,627
June 30, 2019	5,849
Thereafter	<u>50,685</u>
Total mortgage balance at June 30, 2014	\$77,895
Less: current portion	<u>(5,112)</u>
Amount classified as long-term debt	\$72,783

5. 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	\$67,051
Sponsored projects	28,127
Capacity building	12,790
Building renovation	<u>10,273</u>
Total temporarily restricted net assets at June 30, 2014	\$118,241

6. 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, 2014. The line charges interest on outstanding balances at a variable annual rate that is currently 10%.

7. 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, 2014

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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, 2014, LYRIC held \$297,433 in one financial institution. The F.D.I.C. guarantees only \$250,000 of this amount.

8. Management's Review of Subsequent Events

In preparing these financial statements, management has evaluated events for potential recognition or disclosure through March 16, 2015, the date the financial statements were available to be issued.