

THE LGBT SANCTUARY PALM SPRINGS

PALM SPRINGS, CALIFORNIA

**INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The LGBT Sanctuary Palm Springs
Palm Springs, California

We have audited the accompanying financial statements of the LGBT Sanctuary Palm Springs which comprise of the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years 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

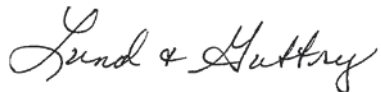
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the LGBT Sanctuary Palm Springs as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Lund & Guttry".

July 8, 2019

THE LGBT SANCTUARY PALM SPRINGS

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	<u>ASSETS</u>		Totals	
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>2018</u>	<u>2017</u> Without Donor <u>Restrictions</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 142,220	\$ 10,000	\$ 152,220	\$ 90,608
Grants receivable	10,008	-	10,008	37,041
Security deposit	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>
Total current assets	<u>152,728</u>	<u>10,000</u>	<u>162,728</u>	<u>127,649</u>
PROPERTY AND EQUIPMENT				
Computer equipment	4,283	-	4,283	4,283
Furniture and fixtures	16,057	-	16,057	8,996
Vehicle	<u>29,705</u>	<u>-</u>	<u>29,705</u>	<u>29,705</u>
	50,045	-	50,045	42,984
Less accumulated depreciation	<u>(21,520)</u>	<u>-</u>	<u>(21,520)</u>	<u>(12,432)</u>
Total Property & Equipment	<u>28,525</u>	<u>-</u>	<u>28,525</u>	<u>30,552</u>
TOTAL ASSETS	<u>\$ 181,253</u>	<u>\$ 10,000</u>	<u>\$ 191,253</u>	<u>\$ 158,201</u>
	<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES				
Accounts payable	\$ 2,600	\$ -	\$ 2,600	\$ 751
Accrued payroll	<u>960</u>	<u>-</u>	<u>960</u>	<u>-</u>
Total current liabilities	<u>3,560</u>	<u>-</u>	<u>3,560</u>	<u>751</u>
NET ASSETS				
Without donor restrictions	177,693	-	177,693	157,450
With donor restrictions	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
TOTAL NET ASSETS	<u>177,693</u>	<u>10,000</u>	<u>187,693</u>	<u>157,450</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 181,253</u>	<u>\$ 10,000</u>	<u>\$ 191,253</u>	<u>\$ 158,201</u>

(The accompanying notes are an integral part of these financial statements)

THE LGBT SANCTUARY PALM SPRINGS

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>			<u>2017</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>
SUPPORT AND REVENUES				
Contributions and grants	\$ 192,934	\$ 20,000	\$ 212,934	\$ 197,522
Government grants	153,952	-	153,952	37,174
Fundraising income	66,623	-	66,623	106,720
In-kind donations	10,583	-	10,583	-
Net assets released from restrictions	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>434,092</u>	<u>10,000</u>	<u>444,092</u>	<u>341,416</u>
EXPENSES				
Program services	212,718	-	212,718	223,135
General and administrative	164,592	-	164,592	54,871
Fundraising	<u>36,539</u>	<u>-</u>	<u>36,539</u>	<u>42,378</u>
Total expenses	<u>413,849</u>	<u>-</u>	<u>413,849</u>	<u>320,384</u>
INCREASE IN NET ASSETS	<u>20,243</u>	<u>10,000</u>	<u>30,243</u>	<u>21,032</u>
NET ASSETS AT BEGINNING OF YEAR,	<u>157,450</u>	<u>-</u>	<u>157,450</u>	<u>136,418</u>
NET ASSETS AT END OF YEAR	<u>\$ 177,693</u>	<u>\$ 10,000</u>	<u>\$ 187,693</u>	<u>\$ 157,450</u>

(The accompanying notes are an integral part of these financial statements)

THE LGBT SANCTUARY PALM SPRINGS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries	\$ 96,000	\$ 76,340	\$ -	\$ 172,340
Payroll taxes	8,782	6,574	-	15,356
Employee benefits	5,364	88	-	5,452
Workers compensation insurance	12,084	-	-	12,084
Advertising and promotion	434	-	-	434
Auto expense	1,477	-	-	1,477
Bank charges	-	1,533	-	1,533
Business license and permits	2,118	-	-	2,118
Contract labor	4,450	47,091	-	51,541
Computer expense	-	2,866	-	2,866
Depreciation	9,088	-	-	9,088
Household supplies	21,027	-	-	21,027
Insurance	-	5,193	-	5,193
Miscellaneous	2,340	4,002	-	6,342
Office expense	1,240	6,447	-	7,687
Professional fees	-	9,205	-	9,205
Rent	23,000	5,210	-	28,210
Repairs and maintenance	12,150	-	-	12,150
Resident expenses	6,966	-	-	6,966
Special events	-	-	36,539	36,539
Utilities	6,198	43	-	6,241
Volunteer expenses	-	-	-	-
	<u>\$ 212,718</u>	<u>\$ 164,592</u>	<u>\$ 36,539</u>	<u>\$ 413,849</u>

(The accompanying notes are an integral part of these financial statements)

THE LGBT SANCTUARY PALM SPRINGS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries	\$ 79,770	\$ -	\$ -	\$ 79,770
Payroll taxes	8,129	-	-	8,129
Employee benefits	2,508	-	-	2,508
Workers compensation insurance	12,115	-	-	12,115
Advertising and promotion	4,702	290	-	4,992
Auto expense	524	-	-	524
Bank charges	-	1,701	-	1,701
Business license and permits	20	1,072	-	1,092
Contract labor	21,860	31,701	-	53,561
Computer expense	-	1,406	-	1,406
Depreciation	6,986	-	-	6,986
Household supplies	5,742	-	-	5,742
Insurance	394	4,261	-	4,655
Miscellaneous	5,986	3,281	-	9,267
Office expense	-	7,068	-	7,068
Professional fees	5,766	-	-	5,766
Rent	45,595	3,912	-	49,507
Repairs and maintenance	10,075	-	-	10,075
Resident expenses	1,963	-	-	1,963
Special events	-	-	42,378	42,378
Utilities	8,264	179	-	8,443
Volunteer expenses	<u>2,736</u>	<u>-</u>	<u>-</u>	<u>2,736</u>
	<u>\$ 223,135</u>	<u>\$ 54,871</u>	<u>\$ 42,378</u>	<u>\$ 320,384</u>

(The accompanying notes are an integral part of these financial statements)

THE LGBT SANCTUARY PALM SPRINGS

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 30,243	\$ 21,032
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	9,088	6,986
In-kind donation	(4,000)	-
(Increase) decrease in:		
Grants receivable	27,033	(37,041)
Security deposits	(500)	-
Increase (decrease) in:		
Accounts payable	1,849	451
Accrued payroll	<u>960</u>	<u>300</u>
Net cash provided (used) by operating activities	<u>64,673</u>	<u>(8,272)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(3,061)</u>	<u>(13,279)</u>
Net cash used by investing activities	<u>(3,061)</u>	<u>(13,279)</u>
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	61,612	(21,551)
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>90,608</u>	<u>112,159</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 152,220</u>	<u>\$ 90,608</u>

(The accompanying notes are an integral part of these financial statements)

THE LGBT SANCTUARY PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The LGBT Sanctuary Palm Springs (Organization) a California nonprofit benefit corporation was formed July 22, 2014 and is a Community Care Group Home serving the needs of LGBT youth in foster care, regardless of race, ethnicity, gender, age, sexual orientation, gender identity, religion, national origin, immigration status, mental or physical ability.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Donor restricted net assets were \$10,000 as of December 31, 2018, for video production. There were no restricted net assets during the year ended December 31, 2017.

Functional Allocation of Expenses

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

Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires management to use estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

THE LGBT SANCTUARY PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment

Purchased property and equipment are recorded at cost. Purchases over \$500 are capitalized. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor and reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 5 to 7 years.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), and from California franchise taxes under related state tax regulations and classified by the Internal Revenue Service as other than a private foundation. The Organization may be subject to tax on income from any unrelated business operations. The Organization does not currently have any unrelated business operations.

The Organization's Form 990, Return of Organization's Exempt from Income Tax are subject to examination by the IRS, generally for three years after they were filed.

2. LIQUIDITY

The Organization's financial assets available within one year of the Statement of Financial Position for general expenditures are as follows:

Cash	\$ 142,220
Grants receivable	<u>10,008</u>
Total	<u>\$ 152,228</u>

Income from donor-restricted sources is restricted for specific purposes and therefore, is not available for general expenditure.

3. RELATED PARTY TRANSACTION

The Organization's group home located in Palm Springs is leased from a Board Member. The terms of the lease are monthly payments of \$2,000 on a month to month basis.

THE LGBT SANCTUARY PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

4. SUBSEQUENT EVENTS

The Organization evaluated all potential subsequent events as of July 8, 2019 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after December 31, 2018 or as of July 8, 2019 that require additional disclosure to the financial statement.