

THE LGBT SANCTUARY PALM SPRINGS

PALM SPRINGS, CALIFORNIA

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

DECEMBER 31, 2019

WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018



LUND & GUTTRY LLP / CERTIFIED PUBLIC ACCOUNTANTS
36917 COOK STREET • SUITE 102 • PALM DESERT, CALIFORNIA 92211
Telephone (760) 568-2242 • Fax (760) 346-8891
www.lundandguttry.com

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, 2019, and the related statements of activities, 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 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.

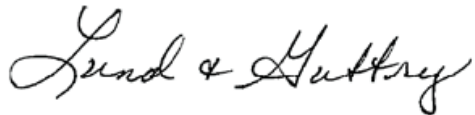
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2019, 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.

Report on Summarized Comparative Information

We have previously audited LGBT Sanctuary Palm Springs 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 8, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent in all material respects, with the audited financial statement from which it has been derived

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

June 11, 2020

THE LGBT SANCTUARY PALM SPRINGS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2019

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2019</u>			<u>2018</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>(Memorandum Total)</u>
SUPPORT AND REVENUES				
Contributions and grants	\$ 229,485	\$ 28,100	\$ 257,585	\$ 212,934
Government grants	212,039	-	212,039	153,952
Fundraising income	213,142	-	213,142	66,623
In-kind donations	115,750	-	115,750	10,583
Net assets released from restrictions	<u>27,816</u>	<u>(27,816)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>798,232</u>	<u>284</u>	<u>798,516</u>	<u>444,092</u>
EXPENSES				
Program services	390,089	-	390,089	212,718
General and administrative	183,170	-	183,170	164,592
Fundraising and development	<u>134,621</u>	<u>-</u>	<u>134,621</u>	<u>36,539</u>
Total expenses	<u>707,880</u>	<u>-</u>	<u>707,880</u>	<u>413,849</u>
INCREASE IN NET ASSETS	<u>90,352</u>	<u>284</u>	<u>90,636</u>	<u>30,243</u>
NET ASSETS AT BEGINNING OF YEAR	<u>177,693</u>	<u>10,000</u>	<u>187,693</u>	<u>157,450</u>
NET ASSETS AT END OF YEAR	<u>\$ 268,045</u>	<u>\$ 10,284</u>	<u>\$ 278,329</u>	<u>\$ 187,693</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, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018

	2019			Total	2018
	Program Services	General and Administrative	Fundraising and Development		(Memorandum Total)
Salaries	\$ 199,878	\$ 97,252	\$ -	\$ 297,130	\$ 172,340
Payroll taxes	21,745	10,402	-	32,147	15,356
Employee benefits	1,291	515	-	1,806	5,452
Workers compensation insurance	7,952	3,917	-	11,869	12,084
Advertising and promotion	25,882	-	-	25,882	434
Auto expense	3,440	-	-	3,440	1,477
Bank charges	-	6,123	-	6,123	1,533
Business license and permits	421	-	-	421	2,118
Contract labor	9,600	36,361	-	45,961	51,541
Computer expense	2,473	2,473	-	4,945	2,866
Depreciation	8,918	991	-	9,909	9,088
Household supplies	15,227	-	-	15,227	21,027
Insurance	4,774	1,193	-	5,967	5,193
Miscellaneous	1,131	3,267	2,930	7,328	6,342
Office expense	1,757	7,165	-	8,922	7,687
Professional fees	18,933	6,311	-	25,244	9,205
Rent	17,748	7,200	-	24,948	28,210
Repairs and maintenance	6,765	-	-	6,765	12,150
Resident expenses	34,764	-	-	34,764	6,966
Special events	-	-	131,036	131,036	36,539
Utilities	7,391	-	-	7,391	6,241
Volunteer expenses	-	-	655	655	-
	<u>\$ 390,089</u>	<u>\$ 183,170</u>	<u>\$ 134,621</u>	<u>\$ 707,880</u>	<u>\$ 413,849</u>

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

THE LGBT SANCTUARY PALM SPRINGS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2019</u>	<u>2018</u> <u>(Memorandum</u> <u>Only)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 90,636	\$ 30,243
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	9,909	9,088
In-kind furniture donation	-	(4,000)
(Increase) decrease in:		
Grants receivable	(9,862)	27,033
Prepaid expense	(4,583)	(500)
Increase in:		
Accounts payable	6,484	1,849
Accrued payroll	<u>11,220</u>	<u>960</u>
Net cash provided by operating activities	<u>103,804</u>	<u>64,673</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>-</u>	<u>(3,061)</u>
Net cash used by investing activities	<u>-</u>	<u>(3,061)</u>
NET INCREASE IN CASH AND RESTRICTED CASH	103,804	61,612
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>152,220</u>	<u>90,608</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 256,024</u>	<u>\$ 152,220</u>

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

THE LGBT SANCTUARY PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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 \$10,284 and \$10,000 as of December 31, 2019 and 2018, respectively.

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, 2019 AND 2018

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, and by the state for four years, after they were filed.

Memorandum Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the prior year, from which the summarized information was derived.

2. LIQUIDITY

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

Cash	\$ 245,740
Grants receivable	<u>19,870</u>
Total	<u>\$ 265,610</u>

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

THE LGBT SANCTUARY PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

3. RELATED PARTY TRANSACTION

The Organization's group home located in Palm Springs is leased from a Board Member. The terms of the lease consist of monthly payments of \$1,500 for the group home on a month to month basis.

4. SUBSEQUENT EVENTS

The Organization evaluated all potential subsequent events as of June 11, 2020 when the financial statements were authorized and available to be issued. Other than the events noted below, no subsequent events or transactions were identified after December 31, 2019 or as of June 11, 2020 that require additional disclosure to the financial statement.

As a result of the spread of the Covid-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact operating revenues. The related financial impact and duration cannot be reasonably estimated at this time.

During the month of May 2020, the Organization received a Payroll Protection Program loan in the amount of \$56,090. This loan was offered to qualifying small businesses in order to provide financial assistance during the Covid-19 crisis and is to be used to cover payroll costs and other qualifying expenses. Under the terms of this loan, the loan is expected to be forgiven in full provided it is used to pay for qualifying expenses.