

One In Long Beach, Inc.

Audited
Financial Statements
December 31, 2008

Katherine Gluck, CPA

Accounting & Consulting

To the Board of Directors
One In Long Beach, Inc.

I have audited the accompanying statement of financial position of One In Long Beach, Inc. as of December 31, 2008 and 2007 and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, I express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of One In Long Beach as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the twelve month period then ended in conformity with accounting principles generally accepted in the United States of America.



Redondo Beach, CA
April 15, 2009

ONE IN LONG BEACH, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2008
(With Comparative Totals for 2007)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008 Total</u>	<u>2007 Total</u>
ASSETS				
Cash and cash equivalents	\$ 10,206	\$ 31,118	\$ 41,324	\$ 22,599
Accounts receivable, net	68,517	-	68,517	18,796
Promises to give	17,450	5,250	22,700	40,025
Prepaid expenses	1,845	-	1,845	2,170
Fixed assets, net	485,118	-	485,118	501,598
Other assets	1,468	-	1,468	2,932
TOTAL ASSETS	<u>584,604</u>	<u>36,368</u>	<u>620,972</u>	<u>588,120</u>
LIABILITIES				
Accounts payable	28,743	-	28,743	25,281
Accrued liabilities	23,093	-	23,093	10,815
Deposits	2,650	-	2,650	2,650
Deferred revenue	39,663	-	39,663	48,194
Notes payable	544,177	-	544,177	562,585
TOTAL LIABILITIES	<u>638,326</u>	<u>-</u>	<u>638,326</u>	<u>649,525</u>
NET ASSETS				
Unrestricted	(53,722)	-	(53,722)	(79,644)
Temporarily restricted	-	36,368	36,368	18,239
TOTAL NET ASSETS	<u>(53,722)</u>	<u>36,368</u>	<u>(17,354)</u>	<u>(61,405)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>584,604</u>	<u>36,368</u>	<u>620,972</u>	<u>588,120</u>

See accompanying notes and accountant's audit report.

ONE IN LONG BEACH, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008
(With Comparative Totals for 2007)

	Year Ended December 31, 2008			2007 Total
	Unrestricted	Temporarily Restricted	Total	
SUPPORT AND REVENUES				
Contributions and grants	\$ 115,251	\$ 36,368	\$ 151,619	\$ 154,230
Membership	1,170	-	1,170	-
Inkind donations	10,430	-	10,430	-
Program services	247,313	-	247,313	195,743
Special events, net	66,975	-	66,975	23,400
Rental income	49,749	-	49,749	40,639
Interest income	60	-	60	1,895
Other income	12,815	-	12,815	4,124
	<u>503,763</u>	<u>36,368</u>	<u>540,131</u>	<u>420,031</u>
Net assets released from restrictions	18,239	(18,239)	-	-
TOTAL SUPPORT AND REVENUES	<u>522,002</u>	<u>18,129</u>	<u>540,131</u>	<u>420,031</u>
EXPENSES				
Program services	250,462	-	250,462	314,271
Fundraising	91,672	-	91,672	137,343
Management and general	153,946	-	153,946	111,084
TOTAL EXPENSES	<u>496,080</u>	<u>-</u>	<u>496,080</u>	<u>562,698</u>
CHANGE IN NET ASSETS	25,922	18,129	44,051	(142,667)
NET ASSETS AT BEGINNING OF YEAR	(79,644)	18,239	(61,405)	81,262
NET ASSETS AT END OF YEAR	<u>(53,722)</u>	<u>36,368</u>	<u>(17,354)</u>	<u>(61,405)</u>

See accompanying notes and accountant's audit report.

ONE IN LONG BEACH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008
(With Comparative Totals for 2007)

	Programs	Fundraising	Mgmt and General	Total December 31, 2008	Total December 31, 2007
Advertising	\$ 15	\$ 3,087	\$ 63	\$ 3,165	\$ 125
Bad debt expense	-	-	5,600	5,600	-
Bank fees	-	611	2,926	3,537	4,206
Books and publications	-	-	21	21	87
Computer maintenance	5,547	2,703	1,189	9,439	12,183
Conferences and meetings	539	215	1,049	1,803	-
Database management	-	-	1,882	1,882	5,277
Depreciation and amortization	13,966	6,791	2,987	23,744	24,959
Dues and subscriptions	-	-	75	75	660
Employee health benefits	11,758	2,183	4,651	18,592	27,604
Insurance	4,452	2,165	952	7,569	16,740
Interest	20,498	9,967	4,384	34,849	33,155
Miscellaneous	23	11	168	202	1,921
Outside services	7,754	24,184	20,644	52,582	16,486
Payroll taxes and worker's comp.	14,331	2,949	8,081	25,361	35,688
Postage and delivery	691	420	186	1,297	779
Printing	6,983	3,385	1,653	12,021	15,388
Program supplies	707	-	-	707	8,912
Property taxes	964	469	206	1,639	2,797
Repairs and maintenance	1,643	798	351	2,792	10,502
Salaries and wages	150,820	27,015	93,844	271,679	315,999
Supplies	1,845	865	401	3,111	7,062
Telephone and internet	3,107	1,511	1,591	6,209	6,617
Travel	-	-	-	-	5,254
Utilities	4,819	2,343	1,042	8,204	10,297
	<u>250,462</u>	<u>91,672</u>	<u>153,946</u>	<u>496,080</u>	<u>562,698</u>

See accompanying notes and accountant's audit report.

ONE IN LONG BEACH, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008
(With Comparative Totals for 2007)

	2008	2007
Cash flows from operating activities:		
Change in net assets	\$ 44,051	\$ (142,667)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	23,744	24,959
(Increase) decrease in promises to give and receivables	(32,396)	(25,570)
(Increase) decrease in prepaid expenses	325	(536)
Increase (decrease) in deposits	-	(300)
Increase (decrease) in accounts payable	3,462	11,652
Increase (decrease) in accrued expenses	12,278	(2,036)
Increase (decrease) in deferred revenue	(8,531)	(9,998)
Net cash provided (used) by operating activities	42,933	(144,496)
Cash flows from investing activities:		
Contributions of in-kind equipment	(5,800)	-
Payments for building improvements and equipment	-	(42,708)
Net cash (used) by investing activities	(5,800)	(42,708)
Cash flows from financing activities:		
Payments on note payable	(18,408)	(18,356)
Principle received from note payable	-	20,000
Net cash (used) provided by financing activities	(18,408)	1,644
Net increase (decrease) in cash and cash equivalents	18,725	(185,560)
Cash and cash equivalents at beginning of year	22,599	208,159
Cash and cash equivalents at end of year	41,324	22,599
Supplemental disclosure:		
Interest expense	\$ 34,849	\$ 33,155

See accompanying notes and accountant's audit report.

ONE IN LONG BEACH, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 - ORGANIZATION AND ACTIVITIES

One In Long Beach, Inc. (dba the "Center") is a public benefit corporation, recognized by the IRS as a 510(C)(3) nonprofit corporation, organized under California law in 1980. The Center provides support to inform and connect the lesbian, gay, bisexual and transgender communities through the following four core service areas: information and education, health and well-being, cultural and social activities and social justice. The Center reaches over 21,000 people a year through its programs, groups and events.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Center is required to report information regarding its financial position and activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As of December 31, 2008, the Center had no permanently restricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents include cash held in checking and saving accounts.

Receivables

Accounts receivable and promises to give are recorded at net realizable value if they are expected to be collected within one year and at net present value if they are expected to be collected in more than one year.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Center 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, 2008, the Center had no uninsured balances. The Center has not experienced any losses on its cash or cash equivalents.

ONE IN LONG BEACH, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

Property and Equipment

Property and equipment are stated at cost or at the fair value at the date of donation in the case of donated assets. The Center provides for depreciation of property and equipment by use of the straight-line method over the estimated useful lives of the asset. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized. Repairs and maintenance are expensed as incurred.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Donated Services

The Center has a generous volunteer base that contributes their time and energy to the Organization's activities. As prescribed by Statement of Financial Accounting Standards No. 116, *Accounting of Contributions Received and Contributions Made*, contributions of services are recognized if the services received require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria are not recognized.

Tax Status

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Center is also exempt from state income taxes under Section 23701(d) of the Revenue and Taxation Code of the State of California.

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.

Expense Allocation

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

ONE IN LONG BEACH, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008

Risks and Uncertainties

Certain of the Center's services are governed by program agreements with governmental agencies. There can be no assurances that the Organization will be able to obtain future contract agreements as deemed necessary by management. The loss of some of the current contracts or the inability to obtain future contracts could have an adverse effect on the Center's financial position and results of activities. Historically, the Center has successfully obtained all of the contracts it has deemed necessary to continue its operations without significant problems. For the year ended December 31, 2008, the Center received 41% of its funding from county and city governmental contracts.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Comparative Financial Information

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 Corporation's financial statements for the year ended December 31, 2007, from which the summarized information was derived.

NOTE 3 - RECEIVABLES

Receivables at December 31, 2008 consist of the following:

Receivables	\$ 74,117
Promises due from donors	22,700
Less allowance for uncollectible promises	<u>(5,600)</u>
Total receivables, net	<u>\$ 91,217</u>

Receivables at December 31, 2008 are due as follows:

Less than one year	\$ 91,217
--------------------	-----------

NOTE 4 - FIXED ASSETS

Fixed assets consist of the following at December 31, 2008:

Land	\$ 148,157
Building and improvements	452,811
Furniture and equipment	<u>97,174</u>
	698,142
Less accumulated depreciation	<u>(213,024)</u>
Total property and equipment, net	<u>\$ 485,118</u>

ONE IN LONG BEACH, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 5 – COUNTY DEVELOPMENT BLOCK GRANTS

In 2005, the Center was awarded \$70,000 of Community Development Block Grants from a local municipal agency. The awarded funding was used for building improvements which were placed into service during 2006. The grant funding is included in deferred revenue and is forgiven annually for each year the Center occupies the improved premises; the funding is expected to be fully forgiven in 2012. At December 31, 2008 deferred revenue included \$38,195 of Community Development Block Grant funding.

NOTE 6 – DEBT ISSUANCE COSTS

Debt issuance costs at December 31, 2008 consist of the following:

Debt issuance costs	\$ 7,325
Less accumulated depreciation	<u>(5,857)</u>
Total debt issuance costs	<u><u>\$ 1,468</u></u>

NOTE 7 – MORTGAGE PAYABLE

The Center has a fixed rate note payable that is secured by real and personal property owned by the Center. The note payable is amortized over five years and is payable in monthly installments including interest of \$4,292. The loan bears interest at 6% per annum and matures on December 13, 2009. At December 31, 2008, the scheduled principal payments on this loan are as follows:

Year ending December 31:	
2009	<u>524,177</u>
Total	<u><u>\$ 524,177</u></u>

NOTE 8 – NOTE PAYABLE

On August 10, 2007 the Center signed a note payable for \$20,000. The note is secured by a 2nd Trust Deed on property owned by the Center. The note bears interest, compounded annually, at 8.5% on the unpaid principal balance. The principal and accrued interest payments are due upon refinancing of the Center’s mortgage note payable or due in full by February 28, 2010. Refinancing is expected to happen in December 2009. At December 31, 2008, the accrued interest expense related to this note payable was \$2,315.

ONE IN LONG BEACH, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2008, temporarily restricted net assets were restricted by donors as follows:

Temporarily restricted for:	
Programs	<u>\$ 36,368</u>
Total temporarily restricted net assets	<u><u>\$ 36,368</u></u>

NOTE 10 - RENTAL AGREEMENTS

In 2008 the Center, as lessor, had a cancelable lease agreement with a tenant. Under the terms of this agreement, the tenant was required to pay The Center minimum monthly rent of \$2,700.

NOTE 11 - SUBSEQUENT EVENT

In January 2009, the Center cancelled its rental agreement with its tenant due to the tenant's insolvency. As of April 2009 the formerly leased space remained vacant.

In March 2009, the Center entered into a non-cancelable operating lease for office equipment. The lease expires in 2012 and requires the Center to pay minimum monthly rentals of \$654. Minimum future rentals due under the lease are summarized as follows:

Year ending December 31:	
2009	\$ 6,540
2010	7,848
2011	7,848
2012	7,848
2013	7,848
2014	<u>1,308</u>
Total	<u><u>\$ 39,240</u></u>