



KATHERINE GLUCK, CPA

One In Long Beach, Inc.  
dba LGBTQ Community Center  
of Greater Long Beach

Audited Financial Statements  
December 31, 2014 and 2013



KATHERINE GLUCK, CPA

## Independent Auditor's Report

To the Board of Directors  
One in Long Beach, Inc.:

I have audited the accompanying financial statements of One in Long Beach, Inc. (dba LGBTQ Community Center of Greater Long Beach) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, 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***

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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of One in Long Beach, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Gluck & Lane LLP previously audited One in Long Beach, Inc.'s 2013 financial statements. Gluck & Lane LLP expressed an unmodified audit opinion on those audited financial statements in their report dated May 5, 2014.

Hermosa Beach, CA  
June 26, 2015

**ONE IN LONG BEACH, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 336,052	\$ 343,779
Accounts receivable, net	134,210	70,475
Promises to give	-	25,000
Prepaid expenses	11,869	11,491
Fixed assets, net	413,362	418,677
Other assets	<u>6,047</u>	<u>6,297</u>
TOTAL ASSETS	<u>901,540</u>	<u>875,719</u>
<b>LIABILITIES</b>		
Accounts payable	12,161	23,801
Accrued expenses	55,166	47,444
Note payable	<u>212,389</u>	<u>355,322</u>
TOTAL LIABILITIES	<u>279,716</u>	<u>426,567</u>
<b>NET ASSETS</b>		
Unrestricted	595,324	439,652
Temporarily restricted	<u>26,500</u>	<u>9,500</u>
TOTAL NET ASSETS	<u>621,824</u>	<u>449,152</u>
TOTAL LIABILITIES AND NET ASSETS	<u>901,540</u>	<u>875,719</u>

See accompanying notes and accountant's audit report.

**ONE IN LONG BEACH, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>UNRESTRICTED NET ASSETS</b>		
Unrestricted revenues		
Contributions and grants	\$ 152,673	\$ 213,896
Program services	523,721	455,061
Special events, net	74,781	34,298
Rental income	18,356	13,455
Other income	11,776	11,977
Interest income	75	87
Total unrestricted revenues	781,382	728,774
Net assets released from restrictions	5,500	3,000
TOTAL UNRESTRICTED SUPPORT	786,882	731,774
 <b>EXPENSES</b>		
Program services	457,519	452,384
Fundraising	26,267	43,429
Management and general	147,424	90,166
	631,210	585,979
TOTAL EXPENSES	631,210	585,979
CHANGE IN UNRESTRICTED NET ASSETS	155,672	145,795
 <b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	22,500	5,000
Net assets released from restrictions	(5,500)	(3,000)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	17,000	2,000
CHANGE IN NET ASSETS	172,672	147,795
NET ASSETS AT BEGINNING OF YEAR	449,152	301,357
NET ASSETS AT END OF YEAR	621,824	449,152

See accompanying notes and accountant's audit report.

**ONE IN LONG BEACH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	PROGRAM SERVICES				SUPPORTING SERVICES			2014 Total	2013 Total
	Health Services	Youth Services	Community Linkage	Total Programs	Fundraising	Mgmt. and General	Total Supporting Services		
Advertising	\$ -	\$ -	\$ 582	\$ 582	\$ 685	\$ -	\$ 685	\$ 1,267	190
Bank fees	32	-	12	44	16	1,758	1,774	1,818	1,329
Computer maintenance	13,736	4,033	4,414	22,183	2,338	6,954	9,292	31,475	41,114
Conferences and meetings	1,500	-	-	1,500	-	85	85	1,585	2,133
Grants	116	100	905	1,121	-	-	-	1,121	750
Depreciation and amortization	10,654	3,224	3,154	17,032	882	5,558	6,440	23,472	32,562
Dues and subscriptions	-	-	850	850	1,220	360	1,580	2,430	450
Employee benefits	9,183	3,928	2,718	15,829	760	4,791	5,551	21,380	21,957
Insurance	6,028	1,874	1,784	9,686	699	3,145	3,844	13,530	12,248
Interest	5,605	1,696	1,659	8,960	464	2,924	3,388	12,348	31,490
Miscellaneous	2,390	1,128	3,028	6,546	1,515	2,710	4,225	10,771	1,186
Payroll taxes and worker's comp.	16,536	5,003	4,894	26,433	1,368	8,628	9,996	36,429	26,999
Postage and delivery	-	-	319	319	318	332	650	969	1,496
Printing	1,688	487	476	2,651	374	839	1,213	3,864	694
Professional services	26,233	-	-	26,233	-	10,533	10,533	36,766	60,479
Property taxes	676	205	200	1,081	56	353	409	1,490	741
Repairs and maintenance	1,150	451	294	1,895	107	794	901	2,796	6,682
Salaries and wages	164,281	49,705	48,626	262,612	13,593	85,713	99,306	361,918	283,045
Staff development	1,910	578	565	3,053	158	997	1,155	4,208	1,521
Supplies	21,905	5,437	885	28,227	720	2,135	2,855	31,082	30,052
Telephone and internet	3,290	929	908	5,127	254	1,934	2,188	7,315	6,123
Travel	743	1,106	-	1,849	31	2,407	2,438	4,287	5,466
Utilities	8,574	2,594	2,538	13,706	709	4,474	5,183	18,889	17,272
<b>Total expenses</b>	<b><u>296,230</u></b>	<b><u>82,478</u></b>	<b><u>78,811</u></b>	<b><u>457,519</u></b>	<b><u>26,267</u></b>	<b><u>147,424</u></b>	<b><u>173,691</u></b>	<b><u>631,210</u></b>	<b><u>585,979</u></b>

See accompanying notes and accountant's audit report.

**ONE IN LONG BEACH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
Cash flows from operating activities:		
Change in net assets	\$ 172,672	\$ 147,795
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	23,472	32,562
(Increase) decrease in promises to give and receivables	(38,735)	22,386
(Increase) decrease in prepaid expenses	(378)	(4,652)
Increase (decrease) in accounts payable	(11,640)	9,329
Increase (decrease) in accrued expenses	7,722	36,699
Net cash provided by operating activities	153,113	244,119
Cash flows from investing activities:		
Purchases of equipment	(17,907)	(27,214)
Net cash used by investing activities	(17,907)	(27,214)
Cash flows from financing activities:		
Payments on note payable	(142,933)	(115,007)
Refinance fees	-	(6,399)
Net cash used by financing activities	(142,933)	(121,406)
Net (decrease) increase in cash and cash equivalents	(7,727)	95,499
Cash and cash equivalents at beginning of year	343,779	248,280
Cash and cash equivalents at end of year	336,052	343,779
Supplemental disclosures:		
Interest paid	\$ 12,348	\$ 31,490

See accompanying notes and accountant's audit report.

**ONE IN LONG BEACH, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**NOTE 1 – ORGANIZATION AND ACTIVITIES**

One In Long Beach, Inc. (dba the Center) is a public benefit 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 summary of significant accounting policies of the Center is presented to assist in understanding the Center's financial statements. The financial statements and notes are representations of the Center's management, who is responsible for their integrity and objectivity.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Center have been prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, ASC 958, Not-for-Profit Entities. Under ASC 958, the Center is required to report information regarding its financial position and activities in three classes of net assets as follows:

- *Unrestricted net assets* are forms of unrestricted revenue and expenditures related to the general operations of the Center that are not subject to donor-imposed restrictions.
- *Temporarily restricted net assets* are net assets subject to donor-imposed restrictions that can be fulfilled by actions of the Center pursuant to those restrictions or that expire by the passage of time. Temporarily restricted resources whose restrictions are met in the same reporting period are recorded as unrestricted.
- *Permanently restricted net assets* are utilized to record resources received that are permanently restricted as to use by the donor or grantor. As of December 31, 2014 and 2013, the Center had no permanently restricted net assets.

**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 also is exempt from state income taxes under Section 23701(d) of the Revenue and Taxation Code of the State of California.

**ONE IN LONG BEACH, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

Tax Status (continued)

The Center has applied the provisions of Financial Accounting Standard Board's Accounting Codification (ASC) 740-10, Accounting for Uncertainty in Income Taxes. Under ASC 740-10, nonpublic enterprises, including nonprofit organizations, are required to record a tax liability when substantial uncertainties exist as to whether certain income is exempt from federal, state, and local tax. As of December 31, 2014, the Center had no substantial uncertain income tax positions. The Center's federal returns are subject to examination by federal taxing authorities, generally for three years after they are filed and state returns are subject to examination by state taxing authorities, generally for four years after they are filed. With few exceptions, the Center is no longer subject to US federal and state income tax examinations by tax authorities for fiscal years beginning prior to 2010.

Cash and Cash Equivalents

The Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. As of December 31, 2014 and 2013, the Center's cash and cash equivalents include cash held in bank checking and savings accounts.

Accounts Receivable & Promises to Give

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 accounts at banking institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2014 and 2013, the Center had no uninsured balances. The Center has not experienced any losses on its cash or cash equivalents.

The Center operates in Long Beach, California and is dependent upon governmental funding. For the years ended December 31, 2014 and 2013, the Center received 57% and 61% of its unrestricted funding from governmental contracts, respectively.

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 acquisition of property and equipment and expenses for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets in excess of \$1,000 are capitalized. The Center provides for depreciation and amortization of property and equipment by use of the straight-line method over the estimated useful lives as follows:

Furniture, fixtures & equipment	3 to 10 years
Buildings	31.5 years
Improvements	5 to 39 years



**ONE IN LONG BEACH, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

Property and Equipment (continued)

Contributions of long-lived assets, or of cash or other assets that must be used to acquire long-lived assets, are reported as increases in temporarily restricted net assets. Restrictions are considered met, and an appropriate amount reclassified to unrestricted net assets, over the useful life of the long-lived assets as determined by the Center's depreciation policy.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. There were no impairments in either 2014 or 2013.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are restricted 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 Center's activities. As prescribed by Generally Accepted Accounting Principles, 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.

Risks and Uncertainties

Certain of the Center's services are governed by program agreements with governmental agencies. There can be no assurances that the Center 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.

**ONE IN LONG BEACH, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

Fair Value Measurements

The Center follows the provisions of Financial Accounting Standards Board (FASB) issued ASC Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. In accordance with ASC Topic 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to measurements involving significant unobservable inputs (Level III measurements).

The three levels of the fair value hierarchy are as follows:

- Level I inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level II inputs are inputs other than quoted prices included within Level I that are observable for the related asset or liability, quoted prices in markets that are not active, or other observable inputs that can be corroborated by observable market data.
- Level III inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the related asset or liability.

The Center has determined that the fair value of its financial instruments, which include cash and cash equivalents, accounts receivable, promises to give, accounts payable, and accrued liabilities, approximate the carrying value of such at December 31, 2014 and 2013 based on the short-term maturities and/or terms available to the Center in financial markets.

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

Reclassification

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

**ONE IN LONG BEACH, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**NOTE 3 – ACCOUNTS RECEIVABLE AND PROMISES TO GIVE**

Accounts receivable and promises to give at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Accounts receivable	\$ 134,210	\$ 70,475
Promises to give	-	25,000
Less allowance for uncollectible promises	<u>(-)</u>	<u>(-)</u>
Total receivables and promises to give, net	<u>134,210</u>	<u>95,475</u>

Accounts receivable and promises to give at December 31, 2014 and 2013 were due as follows:

	<u>2014</u>	<u>2013</u>
Less than one year	\$ 134,210	\$ 95,475

**NOTE 4 – FIXED ASSETS**

Fixed assets consisted of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Land	\$ 148,157	\$ 148,157
Building and improvements	488,881	474,819
Furniture and equipment	<u>124,431</u>	<u>120,592</u>
	761,469	743,568
Less accumulated depreciation	<u>(348,107)</u>	<u>(324,891)</u>
Total property and equipment, net	<u>413,362</u>	<u>418,677</u>

**NOTE 5 – OTHER ASSETS**

Other assets at December 31, 2014 and 2013 consisted of debt issuance as follows:

	<u>2014</u>	<u>2013</u>
Debt issuance costs	\$ 6,399	\$ 6,399
Less accumulated amortization	<u>(352)</u>	<u>(102)</u>
Total debt issuance costs, net	<u>6,047</u>	<u>6,297</u>

**ONE IN LONG BEACH, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**NOTE 6 – NOTE PAYABLE**

On August 14, 2013, the Center refinanced its existing mortgage due on November 1, 2013. The terms of its current promissory note include an initial principal balance of \$365,000 bearing interest of 4.5%, scheduled monthly payments of \$2,042, and a maturity date of August 14, 2038. The note is secured by the building and parking lot owned by the Center. Future scheduled principal payments are as follows:

	<u>2014</u>
Year ending December 31:	
2015	\$ 15,264
2016	15,965
2017	16,698
2018	17,465
2019	18,268
Thereafter	<u>128,729</u>
	<u><u>212,389</u></u>

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

As of December 31, 2014 and 2013, donors restricted net assets were as follows:

	<u>2014</u>	<u>2013</u>
Temporarily restricted net assets:		
Time restricted	\$ 22,500	\$ -
Promissory note payment	-	5,000
Equipment	<u>4,000</u>	<u>4,500</u>
Total temporarily restricted net assets	<u><u>26,500</u></u>	<u><u>9,500</u></u>

**NOTE 8 – IN-KIND CONTRIBUTIONS**

During the year ended December 31, 2014 and 2013, noncash contributions have been reflected in the financial statements as follows:

	<u>2014</u>	<u>2013</u>
Fundraising materials	<u>\$ 25,500</u>	<u>\$ 31,055</u>
Total in-kind contributions	<u><u>25,500</u></u>	<u><u>31,055</u></u>

**ONE IN LONG BEACH, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**NOTE 9 – CONTINGENCIES**

As of December 31, 2014, the Center was awarded various contracts from governmental agencies. As the funding of these contracts is dependent on future conditions relating to the completion of services, these contracts have not been recorded as receivables at year-end. Management believes the funds will be fully realized in future periods upon completion of the required services.

The Center's contracts are subject to inspection and audit by the appropriate governmental funding agency in order to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. As of December 31, 2014, the Center had a provision of \$24,000 accrued for the possible disallowance of program costs on its financial statements.

**NOTE 10 – SUBSEQUENT EVENT**

The Center has evaluated subsequent events from the statement of financial position date through June 26, 2015, the date which these financial statements were available to be issued.