

**BRADBURY SULLIVAN LGBT COMMUNITY CENTER
(A Not-for-Profit Corporation)**

**Financial Statements and
Independent Auditor's Report**

For the Year Ended December 31, 2019

BRADBURY SULLIVAN LGBT COMMUNITY CENTER
(A Not-for-Profit Corporation)
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Bradbury-Sullivan LGBT Community Center
Allentown, PA

We have audited the accompanying financial statements of Bradbury-Sullivan LGBT Community Center (a not-for-profit corporation), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2019, and the related statements of revenue, support, and expenses and changes in net assets – modified cash basis, cash flows – modified cash basis, and functional expenses – modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 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 assets, liabilities, and net assets of Bradbury-Sullivan LGBT Community Center as of December 31, 2019 and, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Bradbury-Sullivan LGBT Community Center's 2018 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated June 4, 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 statements from which it has been derived.

Congbell, Rappold & Yasaita LLP

June 9, 2020

BRADBURY SULLIVAN LGBT COMMUNITY CENTER
(A Not-for-Profit Corporation)
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS
December 31, 2019 and 2018

ASSETS	December 31,	
	2019	2018
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 145,512	174,499
Total Current Assets	145,512	174,499
PROPERTY AND EQUIPMENT, NET (NOTE 3)	476,917	468,620
TOTAL ASSETS	\$ 622,429	\$ 643,119
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Credit Card Payable	\$ 19,307	\$ 4,227
Current Portion of Long-Term Debt (Note 4)	-	13,368
Payroll Liabilities	12,815	12,602
Total Current Liabilities	32,122	30,197
LONG-TERM DEBT, NET OF CURRENT PORTION (NOTE 4)	-	104,971
COMMITMENTS (NOTE 7)		
Total Liabilities	32,122	135,168
NET ASSETS:		
Without Donor Restrictions	518,321	480,910
With Donor Restrictions (Note 5)	71,986	27,041
Total Net Assets	590,307	507,951
TOTAL LIABILITIES AND NET ASSETS	\$ 622,429	\$ 643,119

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

BRADBURY SULLIVAN LGBT COMMUNITY CENTER
(A Not-for-Profit Corporation)
STATEMENTS OF REVENUE, SUPPORT, AND EXPENSES
AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS
Years Ended December 31, 2019 and 2018

	Year Ended December 31,	
	2019	2018
<i>Changes in Net Assets Without Donor Restrictions:</i>		
Support and Revenue:		
Contributions:		
Individual	\$ 119,657	\$ 134,032
Corporate	77,955	61,640
Grants:		
Foundation	95,857	180,342
Government	306,413	282,274
Sponsorship Income	86,589	38,778
Training and Presentation Income	50,460	81,706
Gross Special Events Revenue	20,358	31,096
Less: Cost of Direct Benefits to Donors	(10,927)	(7,520)
Net Special Events Revenue	9,431	23,576
Rental Income	21,485	23,250
Interest Income	224	2,305
Net Assets Released from Restrictions	67,261	76,171
Total Support and Revenue	835,332	904,074
Expenses:		
Program Services	628,271	563,212
Management and General	122,899	86,755
Fundraising	46,751	60,582
Total Expenses	797,921	710,549
Increase in Net Assets Without Donor Restrictions	37,411	193,525
<i>Changes in Net Assets With Donor Restrictions:</i>		
Contributions:		
Individual	39,070	-
Grants:		
Foundation	68,500	5,000
Government	4,636	22,041
Net Assets Released from Restrictions (Note 5)	(67,261)	(76,171)
Increase (Decrease) in Net Assets With Donor Restrictions	44,945	(49,130)
Increase in Net Assets	82,356	144,395
Net Assets at Beginning of Year	507,951	363,556
Net Assets at End of Year	\$ 590,307	\$ 507,951

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

BRADBURY SULLIVAN LGBT COMMUNITY CENTER
(A Not-for-Profit Corporation)
STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS
Years Ended December 31, 2019 and 2018

	Year Ended December 31,	
	2019	2018
<i><u>Cash Flows from Operating Activities:</u></i>		
Change in Net Assets	\$ 82,356	\$ 144,395
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	11,703	9,988
Interest from Deferred Financing Fees	2,137	583
Increase in Credit Card Payable	15,080	4,227
Increase in Payroll Withholdings	213	4,081
Net Cash Provided by Operating Activities	111,489	163,274
<i><u>Cash Flows from Investing Activities:</u></i>		
Purchase of Property and Equipment	(20,000)	(119,753)
Net Cash Used by Investing Activities	(20,000)	(119,753)
<i><u>Cash Flows from Financing Activities:</u></i>		
Payments on Long-term Debt	(120,476)	(55,290)
Net Cash Used by Financing Activities	(120,476)	(55,290)
Net Decrease in Cash and Cash Equivalents	(28,987)	(11,769)
Cash and Cash Equivalents at Beginning of Year	174,499	186,268
Cash and Cash Equivalents at End of Year	\$ 145,512	\$ 174,499
<i><u>Supplemental Data:</u></i>		
Interest Paid	\$ 3,043	\$ 7,505
Stock Donations Received	\$ 3,984	\$ 5,196

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

BRADBURY SULLIVAN LGBT COMMUNITY CENTER
(A Not-for-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
For the Year Ended December 31, 2019
With Summarized Comparative Totals For the Year Ended December 31, 2018

	Program Services			
	Arts	Health	Youth	Training
Salaries and Wages	\$ 78,651	\$ 114,568	\$ 84,255	\$ 24,594
Employee Benefits	8,514	12,402	9,121	2,662
Payroll Taxes	7,216	10,512	7,731	2,257
Direct Program Expenses	90,974	50,038	47,237	11,880
Advertising and Promotion	145	145	145	145
Office Expenses	1,288	1,288	1,288	1,288
Printing and Copying	927	927	927	927
Dues and Subscriptions	307	307	307	307
Insurance	2,829	2,829	2,829	2,829
Facility Repairs and Maintenance	4,589	2,622	4,589	1,311
Utilities	4,170	2,383	4,170	1,191
Professional Development	869	2,896	1,737	290
Board Development	-	-	-	-
Professional Fees	-	-	-	-
Travel	44	529	44	265
Volunteers	26	26	-	-
Impervious Surface Tax	26	26	26	26
Interest Expense	907	907	907	907
Depreciation Expense	2,048	2,048	2,048	2,048
Total Expenses	<u>\$ 203,530</u>	<u>\$ 204,453</u>	<u>\$ 167,361</u>	<u>\$ 52,927</u>

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

BRADBURY SULLIVAN LGBT COMMUNITY CENTER
(A Not-for-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS (Continued)
For the Year Ended December 31, 2019
With Summarized Comparative Totals For the Year Ended December 31, 2018

Total Program Services	Management and General	Fundraising	Total 12/31/2019	Total 12/31/2018
\$ 302,068	\$ 65,085	\$ 33,082	\$ 400,235	\$ 302,725
32,699	7,046	3,582	43,327	37,754
27,716	5,972	3,035	36,723	30,305
200,129	-	-	200,129	221,858
580	207	42	829	2,878
5,152	2,801	1,084	9,037	11,073
3,708	2,016	780	6,504	7,362
1,228	668	259	2,155	3,051
11,316	4,039	808	16,163	14,878
13,111	4,682	937	18,730	14,783
11,914	4,255	851	17,020	18,700
5,792	1,241	1,241	8,274	7,070
-	5,810	-	5,810	4,183
-	14,322	-	14,322	13,556
882	480	186	1,548	2,148
52	-	-	52	149
104	55	21	180	-
3,628	1,294	258	5,180	8,088
8,192	2,926	585	11,703	9,988
<u>\$ 628,271</u>	<u>\$ 122,899</u>	<u>\$ 46,751</u>	<u>\$ 797,921</u>	<u>\$ 710,549</u>

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

BRADBURY SULLIVAN LGBT COMMUNITY CENTER
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies

Nature of Business

The Bradbury-Sullivan LGBT Community Center (the "Center") is a not-for-profit corporation incorporated under the laws of the Commonwealth of Pennsylvania in 2004 as the Pennsylvania Diversity Network. In 2014, the corporation amended its articles of incorporation and its state registration to change its name to the current one. The Center provides programming, outreach, and other services to strengthen and support the LGBT community of the greater Lehigh Valley. The Center receives its support primarily through community contributions.

Basis of Accounting

The financial statements of the Center have been prepared on the modified cash basis of accounting. Accordingly, revenue is recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred. Modifications to the cash basis of accounting include the recognition of land, building, and equipment assets and related depreciation expense and the recording of related mortgage debt as well as credit card activity. The modified cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles.

Basis of Presentation

The Center is required to report information regarding its financial position and activities according to two classes of net assets. Net assets are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions. Net assets without donor restrictions may be designated for specific purposes by the action of the Board of Trustees.

Net Assets With Donor Restrictions – Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Income Taxes

The Center is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and none of its present or anticipated future activities are subject to taxation as unrelated business income. Therefore, no provision for income taxes has been made in the accompanying financial statements.

BRADBURY SULLIVAN LGBT COMMUNITY CENTER
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The accounting standard for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Center may recognize the tax benefits from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Center and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or liabilities recorded for the years ended December 31, 2019 and 2018.

The Center files Federal Form 990, *Return of Organization Exempt from Tax*, with the United States Internal Revenue Service and with the Bureau of Charitable Organizations in Pennsylvania.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contribution and Expense Recognition

The Center recognizes contributions, grant revenue, and sponsorship income when cash, securities, or other assets are received from the donor or recipient of services.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on disposal of assets are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets by fulfillment of the donor-stipulated purposes or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

Contributed Services

The Center receives a substantial amount of volunteer services donated by its members in carrying out its mission. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

BRADBURY SULLIVAN LGBT COMMUNITY CENTER
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (Continued)

Revenue from Contracts with Customers

The Center's revenue from contracts with customers is recognized within Training and Presentation Income, Special Events Revenue, and Rental Income. Each revenue segment is described as follows:

- **Training and Presentation Income:** The Center earns revenue from providing various trainings and presentations. Revenues from these services are recorded when cash is received from the customer.
- **Special Events Revenue:** The Center organizes an annual fundraising event which includes a dinner. Revenue from the special event is recorded when cash is received from the sponsors and/or dinner attendees. Special events revenues are recorded as contributions to the extent that the price of attendance exceeds the costs of the dinner.
- **Rental Income:** The Center leases part of its facility to not-for-profit corporation's with similar missions. Revenues from the rental of space is recorded when cash is received from the tenants.

Allocation of Expenses by Function

As reported in the Statements of Functional Expenses – Modified Cash Basis, expenses of the Center have been allocated to the following functional reporting classifications:

Program Services – Program service expenses include costs incurred for activities that ultimately result in the delivery of services that fulfill the Center's charitable purposes.

Management and General – Management and general expenses include costs incurred for the overall direction of the Center, general record keeping, business management, budgeting, general board activities, and related purposes.

Fundraising – Fundraising expenses include costs incurred for activities that ultimately result in inducing potential donors to contribute money, securities, services, materials, facilities, other assets, or time. Fundraising activities include publicizing and conducting fund raising campaigns, maintaining donor mailing lists, conducting special fundraising events, and conducting other activities involved with soliciting contributions from individuals, foundations, governments, and others.

The Center's methods for allocating expenses among the functional reporting classifications which cannot be specifically identified as program or supporting service are based on estimates made for time spent by key personnel between functions, space occupied by function, consumption of supplies and postage by function, and other objective bases.

BRADBURY SULLIVAN LGBT COMMUNITY CENTER
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of reporting cash and cash equivalents, cash is defined as cash on hand and checking and savings accounts at financial institutions. Investments with an original maturity of three months or less are considered cash and cash equivalents for these purposes.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed by use of the straight-line method based on estimated useful lives. The Center capitalizes all items with a value greater than \$500 and an estimated useful life greater than one year. Routine repairs and maintenance are expensed as incurred.

	<u>Years</u>
Building and Building Improvements	39
Furniture and Equipment	7

Reclassification

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

Debt Issuance Costs

Debt issuance costs incurred in connection with obtaining financing through a bank have been capitalized and are being amortized using the straight-line method over the life of the related financing agreement which approximates the value based on the effective interest method. Amortization of the debt issuance cost is reported as interest expense in the statement of revenue, support and expenses and change in net assets – modified cash basis.

Subsequent Events

Management has evaluated subsequent events through June 9, 2020, the date on which the financial statements were available to be issued, and has determined that no material subsequent events exist that require recognition or disclosure.

The extent of the impact of COVID-19 on the Center’s operational and financial performance will depend on further developments, including the duration and spread of the outbreak, all of which cannot be predicted at this time.

BRADBURY SULLIVAN LGBT COMMUNITY CENTER
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis, consist of the following:

	December 31,	
	2019	2018
Cash and Cash Equivalents	\$ 145,512	\$ 174,499
Less: Net Assets With Donor Restrictions	(71,986)	(27,041)
	\$ 73,526	\$ 147,458

The Center is supported mainly by grants and contributions. The Center believes that grants and contributions along with the assets held at December 31, 2019, is sufficient to enable the Center to continue to operate for the upcoming year.

3. Property and Equipment

Property and equipment consist of the following at December 31, 2019 and 2018:

	December 31,	
	2019	2018
Land	\$ 34,000	\$ 34,000
Building and Building Improvements	418,860	418,860
Furniture and Equipment	7,155	7,155
Construction in Progress	59,000	39,000
	519,015	499,015
Less: Accumulated Depreciation	(42,098)	(30,395)
	\$ 476,917	\$ 468,620

Depreciation charged to expense was \$11,703 and \$9,988 for the years ended December 31, 2019 and 2018, respectively.

BRADBURY SULLIVAN LGBT COMMUNITY CENTER
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

4. Long-Term Debt

Long-term debt consists of the following:

	December 31,	
	2019	2018
5.00% Mortgage Note Payable to a Bank, Collateralized by Real Estate, Due in 83 Monthly Installments of \$1,591, Including Interest Through September, 2022. The Remaining Balance is Due October, 2022. The Mortgage Note Was Satisfied During 2019.	\$ -	\$ 120,476
Less: Unamortized Deferred Financing Fees	-	(2,137)
	-	118,339
Less: Current Portion	-	(13,368)
	-	104,971
	\$ -	\$ 104,971

Interest expense was \$5,180 and \$8,088 for the years ended December 31, 2019 and 2018, respectively.

5. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following:

	December 31,	
	2019	2018
Health Programs to be Held in 2019	\$ -	\$ 3,200
Health Programs to be Held in 2020	25,200	-
Organization Effectiveness	10,000	-
Education Programs	-	17,900
Film Programs	6,436	5,941
Transgender Programs	5,000	-
Capital Projects and Debt Service	25,000	-
Pride Night at the Phantoms	350	-
	-	-
	\$ 71,986	\$ 27,041

BRADBURY SULLIVAN LGBT COMMUNITY CENTER
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

5. Net Assets With Donor Restrictions (Continued)

The source of net assets released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donor were as follows:

	Year Ended December 31,	
	2019	2018
Health Programs to be Held in 2018	\$ -	\$ 16,700
Health Programs to be Held in 2019	7,200	-
Tobacco-Free Programs	-	-
Education Programs	17,900	21,000
Building Improvement Projects	-	15,000
Spirituality Programs	-	1,100
Salary Subsidy	-	16,220
Film Programs	5,941	985
Transgender Programs	2,500	-
Capital Projects and Debt Service	33,720	5,166
	\$ 67,261	\$ 76,171

6. Retirement Plan

During 2017, the Center began participation in a discretionary SEP IRA Plan for all employees who are at least twenty-one years of age with at least one year of service for the Center and earnings of \$450 or more during the Plan year. Under the Plan, the Center contributes 3% of the employee's base compensation. Employer contributions to the Plan were \$9,747 and \$7,537 for the years ended December 31, 2019 and 2018, respectively.

7. Commitments

The Center leases office equipment under a non-cancellable operating lease which calls for total monthly payments of \$193 through December, 2021. The expense related to the lease was \$2,316 during each of the years ended December 31, 2019 and 2018.

The following is a schedule of future minimum rental payments required under the above non-cancellable operating lease:

Years ended December 31,		
	2020	\$ 2,316
	2021	2,316

BRADBURY SULLIVAN LGBT COMMUNITY CENTER
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

8. Summarized Totals For Year Ended December 31, 2018

The financial statements include certain prior year summarized comparative information in total, but not by function or net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2018, from which the information was derived.