

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

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

**For the Year Ended December 31, 2020**

**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

### Opinion

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, 2020, 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.

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, 2020, and its revenues, support, and expenses and changes in net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bradbury-Sullivan LGBT Community Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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 that matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bradbury-Sullivan LGBT Community Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bradbury-Sullivan LGBT Community Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

### **Report on Summarized Comparative Information**

We have previously audited Bradbury-Sullivan LGBT Community Center's 2019 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated June 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Congbell, Rappold & Yasaita LLP*

May 6, 2021

**BRADBURY SULLIVAN LGBT COMMUNITY CENTER**  
**(A Not-for-Profit Corporation)**  
**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS**  
**December 31, 2020 and 2019**

<b>ASSETS</b>		December 31,	
		2020	2019
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents		\$ 487,565	\$ 145,512
Total Current Assets		487,565	145,512
Investments (Notes 3 and 7)		75,428	-
Property and Equipment, Net (Note 4)		475,251	476,917
<b>TOTAL ASSETS</b>		<b>\$ 1,038,244</b>	<b>\$ 622,429</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES:</b>			
Credit Card Payable		\$ 23,896	\$ 19,307
Current Portion of Long-Term Debt (Note 5)		71,048	-
Payroll and Other Liabilities		15,796	12,815
Total Current Liabilities		110,740	32,122
Long-Term Debt, Net of Current Portion (Note 5)		20,452	-
<b>COMMITMENTS (NOTE 9)</b>			
Total Liabilities		131,192	32,122
<b>NET ASSETS:</b>			
Without Donor Restrictions			
Available for Operations		777,091	518,321
Without Donor Restrictions and Designated by the Board for:			
Endowment		75,428	-
With Donor Restrictions (Note 6)		54,533	71,986
Total Net Assets		907,052	590,307
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>\$ 1,038,244</b>	<b>\$ 622,429</b>

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, 2020 and 2019**

	Year Ended December 31,	
	2020	2019
<i>Changes in Net Assets Without Donor Restrictions:</i>		
<b>Support and Revenue:</b>		
Contributions:		
Individual	\$ 161,034	\$ 119,657
Corporate	139,468	77,955
Grants:		
Foundation	152,774	95,857
Government	644,419	306,413
Sponsorship Income	50,525	86,589
Program Income	42,934	50,460
Gross Special Events Revenue	2,230	20,358
Less: Cost of Direct Benefits to Donors	(8,182)	(10,927)
Net Special Events Revenue	(5,952)	9,431
Rental Income	22,420	21,485
Miscellaneous Income	1,000	-
Interest Income	1,416	224
Investment Return	428	-
Net Assets Released from Restrictions	43,286	67,261
Total Support and Revenue	1,253,752	835,332
<b>Expenses:</b>		
Program Services	725,820	628,271
Management and General	118,805	122,899
Fundraising	74,929	46,751
Total Expenses	919,554	797,921
Increase in Net Assets Without Donor Restrictions	334,198	37,411
<i>Changes in Net Assets With Donor Restrictions:</i>		
Contributions:		
Individual	-	39,070
Grants:		
Foundation	25,833	68,500
Government	-	4,636
Net Assets Released from Restrictions (Note 6)	(43,286)	(67,261)
Increase (Decrease) in Net Assets With Donor Restrictions	(17,453)	44,945
Increase in Net Assets	316,745	82,356
Net Assets at Beginning of Year	590,307	507,951
Net Assets at End of Year	\$ 907,052	\$ 590,307

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, 2020 and 2019**

	Year Ended December 31,	
	2020	2019
<u><i>Cash Flows from Operating Activities:</i></u>		
Change in Net Assets	\$ 316,745	\$ 82,356
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	11,686	11,703
Unrealized Gain on Investments	(428)	-
Interest from Deferred Financing Fees	-	2,137
Increase in Credit Card Payable	4,589	15,080
Increase in Payroll and Other Liabilities	2,981	213
Net Cash Provided by Operating Activities	<u>335,573</u>	<u>111,489</u>
<u><i>Cash Flows from Investing Activities:</i></u>		
Purchases of Investments	(75,000)	-
Purchase of Property and Equipment	(10,020)	(20,000)
Net Cash Used by Investing Activities	<u>(85,020)</u>	<u>(20,000)</u>
<u><i>Cash Flows from Financing Activities:</i></u>		
Proceeds from Borrowings	91,500	-
Payments on Long-term Debt	-	(120,476)
Net Cash Provided (Used) by Financing Activities	<u>91,500</u>	<u>(120,476)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	342,053	(28,987)
Cash and Cash Equivalents at Beginning of Year	<u>145,512</u>	<u>174,499</u>
Cash and Cash Equivalents at End of Year	<u>\$ 487,565</u>	<u>\$ 145,512</u>
<u><i>Supplemental Data:</i></u>		
Interest Paid	<u>\$ -</u>	<u>\$ 3,043</u>
Stock Donations Received	<u>\$ 9,946</u>	<u>\$ 3,984</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**  
**For the Year Ended December 31, 2020**  
**With Summarized Comparative Totals for the Year Ended December 31, 2019**

	Program Services			
	Arts	Health	Youth	Training
Salaries and Wages	\$ 84,465	\$ 145,391	\$ 90,922	\$ 27,550
Employee Benefits	12,928	22,254	13,918	4,217
Payroll Taxes	7,394	12,727	7,959	2,412
Direct Program Expenses	34,736	167,773	17,140	10,523
Advertising and Promotion	592	592	592	592
Office Expenses	2,007	2,007	2,007	2,007
Printing and Copying	586	586	586	586
Dues and Subscriptions	972	972	972	972
Insurance	2,637	2,637	2,637	2,637
Facility Repairs and Maintenance	4,110	2,349	4,110	1,174
Utilities	3,839	2,194	3,839	1,097
Professional Development	746	2,488	1,493	249
Board Development	-	-	-	-
Professional Fees	-	-	-	-
Travel	6	78	6	39
Volunteers	117	117	-	-
Impervious Surface Tax	26	26	26	26
Interest Expense	-	-	-	-
Cost of Direct Benefits to Donors	-	-	-	-
Depreciation Expense	2,045	2,045	2,045	2,045
<b>Total Expenses by Function</b>	<b>157,206</b>	<b>364,236</b>	<b>148,252</b>	<b>56,126</b>
Less Expenses Included Within Revenues on the Statements of Revenues, Expenses and Changes in Net Assets:				
Cost of Direct Benefits to Donors	-	-	-	-
	<u>\$ 157,206</u>	<u>\$ 364,236</u>	<u>\$ 148,252</u>	<u>\$ 56,126</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, 2020**  
**With Summarized Comparative Totals for the Year Ended December 31, 2019**

Total Program Services	Management and General	Fundraising	Total 12/31/2020	Total 12/31/2019
\$ 348,328	\$ 58,115	\$ 55,125	\$ 461,568	\$ 400,235
53,317	8,895	8,439	70,651	43,327
30,492	5,087	4,824	40,403	36,723
230,172	-	-	230,172	200,129
2,368	846	170	3,384	829
8,028	3,334	986	12,348	9,037
2,344	1,275	493	4,112	6,504
3,888	2,114	817	6,819	2,155
10,548	3,767	752	15,067	16,163
11,743	4,194	839	16,776	18,730
10,969	3,918	784	15,671	17,020
4,976	1,066	1,067	7,109	8,274
-	559	-	559	5,810
-	22,588	-	22,588	14,322
129	70	28	227	1,548
234	-	-	234	52
104	55	21	180	180
-	-	-	-	5,180
-	-	8,182	8,182	10,927
8,180	2,922	584	11,686	11,703
725,820	118,805	83,111	927,736	808,848
-	-	(8,182)	(8,182)	(10,927)
<u>\$ 725,820</u>	<u>\$ 118,805</u>	<u>\$ 74,929</u>	<u>\$ 919,554</u>	<u>\$ 797,921</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, 2020**

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**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, credit card activity, and PPP loan through the Small Business Administration. 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**  
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**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

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**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, 2020 and 2019.

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, 2020**

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**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 corporations 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, 2020**

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**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.

Investments

Investments are reported at their fair values in the Statement of Assets, Liabilities and Net Assets – Modified Cash Basis. Unrealized gains and losses are reported as increases (decreases) in net assets without donor restrictions unless restricted by donors.

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

Accounting for Paycheck Protection Program (PPP)

The Center may account for a Paycheck Protection Program (PPP) loan as a financial liability in accordance with FASB ASC Topic 470, *Debt*, or under other models, if certain conditions are met. If the Center expects to meet the PPP's eligibility criteria and concludes that the PPP loan represents, in substance, a grant that is expected to be forgiven, the Center may account for the PPP loan in accordance with ASC Subtopic 958-605 as a conditional contribution. As of December 31, 2020, management had not received notification from the United States Small Business Administration that the loan had been forgiven. For this reason, the Center has elected the debt method. Under this method, the Center recorded a debt liability on the Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis and will subsequently recognize revenue from the extinguishment of the debt once forgiveness has been determined by the United States Small Business Administration. On April 10, 2020, the Center received \$91,500 under the Paycheck Protection Program. Subsequent to year end, the Center received full forgiveness and discharge of the loan from the lender through the United States Small Business Administration.

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.

**BRADBURY SULLIVAN LGBT COMMUNITY CENTER**  
**(A Not-for-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

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**1. Summary of Significant Accounting Policies (Continued)**

*Adoption of New Accounting Pronouncement*

Effective January 1, 2020, the Center adopted ASU No. 2018-13, *Fair Value Measurements (Topic 820)*, which provides for changes to the disclosure requirements for recurring and nonrecurring fair value measurements under Topic 820, including changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty.

*Subsequent Events*

Management is required to consider and investigate the existence of transactions or events that would qualify as subsequent events in relation to their internal and external financial statements. In 2019, a novel strain of coronavirus surfaced in China and has spread around the world, resulting in ongoing business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Center could be materially adversely affected. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain or treat its impact, among others.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Stimulus Act of 2020 (the "CARES Act") was signed. Title I of the CARES Act establishes, among other things, the Paycheck Protection Program (the "Paycheck Program") which provided business concerns with loans backed by the United States Small Business Administration (SBA) that are forgivable under certain circumstances. The Paycheck Program is a short-term program for the covered period from February 15, 2020 until June 30, 2020 (extended to December 31, 2020) and loans are capped at the lesser of 2.5x a borrower's LTM average monthly payroll consisting of no more than \$100,000 per employee plus health and retirement benefits, or \$10,000,000 per borrower. The Center received \$91,500 related to this program. As discussed in Note 1, during February 2021, the Center was notified that the entire Paycheck Program loan was forgiven.

Subsequent events have been evaluated through May 6, 2021, the date on which the financial statements were available to be issued.

**BRADBURY SULLIVAN LGBT COMMUNITY CENTER**  
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**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

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**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,	
	2020	2019
Cash and Cash Equivalents	\$ 487,565	\$ 145,512
Less: Net Assets With Donor Restrictions	(54,533)	(71,986)
	\$ 433,032	\$ 73,526

The Center is supported mainly by grants and contributions. The Center believes that grants and contributions along with the assets held at December 31, 2020, is sufficient to enable the Center to continue to operate for the upcoming year.

**3. Fair Value Measurements**

Financial Accounting Standards Board ASC 820-10, establishes a framework for measuring fair value. That framework provides 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 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable, are significant to the fair value measurement and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

**BRADBURY SULLIVAN LGBT COMMUNITY CENTER**  
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**NOTES TO FINANCIAL STATEMENTS**  
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**3. Fair Value Measurements (Continued)**

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Investments classified within Level 3 whose fair value measurements consider several inputs may include Level 1 and/or Level 2 inputs as components of the overall fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020. The Center did not possess any assets which required fair value measurement during the year ended December 31, 2019.

*Invested with Lehigh Valley Community Foundation:* Measured at the reported value by the Foundation, which approximates fair value. The Center does not receive details of the Foundation's investment composition.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no transfers between Level 1, Level 2 and Level 3 investments in 2020. Transfers are recognized at the end of the reporting period.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2020:

	Assets at Fair Value as of December 31,			
<u>2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Invested with Lehigh Valley Community Foundation	\$ -	\$ 75,428	\$ -	\$ 75,428
Total Assets at Fair Value	\$ -	\$ 75,428	\$ -	\$ 75,428

**BRADBURY SULLIVAN LGBT COMMUNITY CENTER**  
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**4. Property and Equipment**

Property and equipment consist of the following at December 31, 2020 and 2019:

	December 31,	
	2020	2019
Land	\$ 34,000	\$ 34,000
Building and Building Improvements	428,880	418,860
Furniture and Equipment	7,155	7,155
Construction in Progress	59,000	59,000
	529,035	519,015
Less: Accumulated Depreciation	(53,784)	(42,098)
	\$ 475,251	\$ 476,917

Depreciation charged to expense was \$11,686 and \$11,703 for the years ended December 31, 2020 and 2019, respectively.

**5. Long-Term Debt**

Long-term debt consists of the following:

	December 31,	
	2020	2019
1.00% Note Payable to a Bank Through the Paycheck Protection Program Backed by the United States Small Business Administration The Note is Forgivable Under Certain Circumstances; Repayment Terms of the Note, if Not Forgiven, Would be Eighteen (18) Monthly Payments of \$5,124, Including Interest From November 2020 Through April 2022.	\$ 91,500	\$ -
Less: Current Portion	(71,048)	-
	\$ 20,452	\$ -

Required principal payments on the note payable are as follows for the year ending December 31:

2021	\$ 71,048
2022	20,452
	\$ 91,500

Interest expense was \$0- and \$5,180 for the years ended December 31, 2020 and 2019, respectively.

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**6. Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of the following:

	December 31,	
	2020	2019
Health Programs to be Held in 2020	\$ -	\$ 25,200
Health Programs to be Held in 2021	24,033	-
Organization Effectiveness	-	10,000
Film Programs	500	6,436
Transgender Programs	-	5,000
Capital Projects	30,000	25,000
Pride Night at the Phantoms	-	350
	\$ 54,533	\$ 71,986

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,	
	2020	2019
Health Programs to be Held in 2019	\$ -	\$ 7,200
Health Programs to be Held in 2020	22,000	-
Organization Effectiveness	10,000	-
Education Programs	-	17,900
Pride Night at the Phantoms	350	-
Film Programs	5,936	5,941
Transgender Programs	5,000	2,500
Capital Projects and Debt Service	-	33,720
	\$ 43,286	\$ 67,261

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**7. Endowment Fund**

The Center's endowment consists of one fund established during the year ended December 31, 2020 to support the mission of the Center through the withdrawal of income as determined by the Board of Directors. As required by the modified cash basis of accounting, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law*

The Center has interpreted the laws of the Commonwealth of Pennsylvania as requiring the preservation of the fair value of the original gift as of the gift date of the board-designated endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as net assets without donor restrictions the original value of gifts designated to the endowment and the original value of subsequent gifts to the endowment.

*Endowment Return Objectives, Risk Parameters and Strategies and Spending Policy*

The Center has deposited the endowment funds with Lehigh Valley Community Foundation. The Foundation is responsible for the prudent investment of funds and determining the amount of funds distributable. The Foundation has been granted variance power, therefore, the return objectives, risk parameters, strategies and spending policy is removed from the Center.

Endowment net asset composition as of December 31, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Endowment Funds	\$ 75,428	\$ -	\$ 75,428
	<u>\$ 75,428</u>	<u>\$ -</u>	<u>\$ 75,428</u>

Changes in endowment net assets as of December 31, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of Year	\$ -	\$ -	\$ -
Investment Return	428	-	428
Contributions	75,000	-	75,000
Appropriation of Net Assets for Expenditure	-	-	-
End of Year	<u>\$ 75,428</u>	<u>\$ -</u>	<u>\$ 75,428</u>

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**8. 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 \$11,598 and \$9,747 for the years ended December 31, 2020 and 2019, respectively.

**9. 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, 2020 and 2019.

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

Year ended December 31,

2021	2,316
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**10. Summarized Totals For Year Ended December 31, 2019**

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, 2019, from which the information was derived.