

BROOKLYN COMMUNITY PRIDE CENTER, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Brooklyn Community Pride Center, Inc.

Table of Contents

Year Ended June 30, 2017

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities.....	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10

Independent Auditor's Report

To the Board of Directors
Brooklyn Community Pride Center, Inc.
Brooklyn, New York

We have audited the accompanying financial statements of Brooklyn Community Pride Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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 financial position of Brooklyn Community Pride Center, Inc. as of June 30, 2017 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Gettry Marcus CPA, P.C.

Gettry Marcus CPA, P.C.
New York, New York
May 11, 2018

Brooklyn Community Pride Center, Inc.
Statement of Financial Position
June 30, 2017

Assets

Cash	\$ 76,289
Grants receivable	30,415
Contributions receivable	17,727
Prepaid expenses and other assets	6,851
Security deposit	25,654
Property and equipment, net	<u>707</u>
Total assets	<u><u>\$ 157,643</u></u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	<u>\$ 37,093</u>
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Net Assets

Unrestricted	70,430
Temporarily restricted	<u>50,120</u>
Total net assets	<u>120,550</u>
Total liabilities and net assets	<u><u>\$ 157,643</u></u>

Brooklyn Community Pride Center, Inc.
Statement of Activities
Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues			
Foundation and trust grants	\$ 65,558	\$ -	\$ 65,558
Contributions and sponsorships	87,725	10,000	97,725
In-kind support	22,850	-	22,850
Special event income (net of direct benefit expenses of \$35,279)	34,804	-	34,804
Government grants	77,700	30,120	107,820
Other income	12,127	-	12,127
Total support and revenues	<u>300,764</u>	<u>40,120</u>	<u>340,884</u>
Functional expenses			
Program services	250,909	-	250,909
Fundraising services	14,568	-	14,568
Administration services	71,105	-	71,105
Total functional expenses	<u>336,582</u>	<u>-</u>	<u>336,582</u>
Increase (decrease) in net assets	(35,818)	40,120	4,302
Net assets - Beginning of year	<u>106,248</u>	<u>10,000</u>	<u>116,248</u>
Net assets - End of year	<u>\$ 70,430</u>	<u>\$ 50,120</u>	<u>\$ 120,550</u>

Brooklyn Community Pride Center, Inc.
Statement of Functional Expenses
Year Ended June 30, 2017

	<u>Program Services</u>	<u>Fundraising Services</u>	<u>Administration Services</u>	<u>Total Functional Expenses</u>
Accounting - Audit fees	\$ 525	\$ -	\$ -	\$ 525
Accounting - Bookkeeping	17,948	-	4,983	22,931
Accounting - In-kind	4,001	-	1,333	5,334
Advertising and promotion	-	2,294	-	2,294
Bank charges	-	-	738	738
Consulting and professional fees	9,415	4,050	1,267	14,732
Consulting fees - In-kind	-	1,588	-	1,588
Data and payroll processing fees	1,868	-	1,346	3,214
Depreciation expense	-	-	878	878
Employee benefit	5,749	-	712	6,461
Equipment rental	129	2,790	2,717	5,636
Filing fees	-	-	290	290
Insurance	2,425	-	403	2,828
Legal fees - In-kind	-	-	15,927	15,927
Maintenance and renovation	260	-	-	260
Meals and entertainment	1,438	-	40	1,478
Memberships and subscriptions	175	-	1,372	1,547
Payroll taxes and fringe benefit	16,247	-	2,013	18,260
Postage and messenger	24	223	97	344
Printing and photocopying	-	-	946	946
Rent	15,554	3,111	12,443	31,108
Salaries and wages	169,108	-	20,955	190,063
Staff and board training	1,056	-	-	1,056
Stipends	1,500	-	-	1,500
Supplies	545	450	415	1,410
Travel	1,402	62	-	1,464
Utilities and telephone	956	-	2,230	3,186
Workers' compensation and disability	584	-	-	584
Total expenses	<u><u>\$ 250,909</u></u>	<u><u>\$ 14,568</u></u>	<u><u>\$ 71,105</u></u>	<u><u>\$ 336,582</u></u>

See notes to financial statements.

Brooklyn Community Pride Center, Inc.
Statement of Cash Flows
Year Ended June 30, 2017

Cash flows from operating activities	
Increase in net assets	\$ 4,302
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation	878
(Increase) decrease in operating assets:	
Contributions receivable	12,340
Grants receivable	(19,512)
Prepaid expenses and other assets	(3,355)
Security deposit	(23,062)
Increase in operating liabilities:	
Accounts payable and accrued expenses	26,820
Total adjustments	<u>(5,891)</u>
Net cash used in operating activities and net decrease in cash	(1,589)
Cash - Beginning of year	<u>77,878</u>
Cash - End of year	<u><u>\$ 76,289</u></u>

Brooklyn Community Pride Center, Inc.
Notes to Financial Statements
June 30, 2017

Note 1 - Summary of Organization and Nature of Activities

Organization and Nature of Activities

Brooklyn Community Pride Center, Inc. (the "Organization"), is a nonprofit organization established in 2008 with the goal to become Brooklyn's premier network of programs and services for the lesbian, gay, bisexual and transgender ("LGBTQ") community of New York City's largest borough.

At present, the Organization offers programs and events for the LGBTQ community including peer support service for youth, seniors, and trans persons; as well as art and cultural programming celebrating the LGBTQ community. Across the spectrum from young people to elders, the Brooklyn Community Pride Center enables the community to actively participate in positive, life-affirming activities. They offer a distinctive choice for the residents of Brooklyn to celebrate, heal, learn, create, organize, relax, socialize and play. The Organization's work expands the quantity and quality of LGBTQ services in the community and strengthens the community from the inside out.

The Organization is supported primarily through donor contributions and grants.

Note 2 - Summary of Significant Accounting Policies

Recently Issued Accounting Pronouncements

In May 2014, FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) ("ASU 2014-09"). This new standard will replace all current accounting principles generally accepted in the United States of America ("U.S. GAAP") guidance on this topic and eliminate industry-specific guidance. The topic, which was amended in August 2015 to defer the effective date to interim and annual periods beginning after December 15, 2018 (for private companies), with early application permitted only as of annual reporting periods. The Organization has not determined what impact, if any, the adoption of ASU 2014-09 will have on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). ASU 2016-02 will replace all current U.S. GAAP guidance on this topic. Under ASU 2016-02, a lessee would account for both finance leases and operating leases by recognizing a right-of-use asset and a lease liability on the balance sheet, with an exception for leases that commence at or near the end of the underlying asset's economic life. Finance leases will recognize amortization of the right-of-use asset separately from interest on the lease liability, and operating leases will recognize the lease expense on a straight line basis. ASU 2016-02 is effective for private companies for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years and with early application permitted. The Organization is evaluating the potential impact the adoption of ASU 2016-02 could have on its financial statements.

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 improves the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017 with early adoption permitted. Management has not had the opportunity to determine the impacts this ASU will have on the Organization's financial statements and related disclosures, and has elected not to early adopt the provisions of this new standard.

Method of Accounting

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

Brooklyn Community Pride Center, Inc.
Notes to Financial Statements
June 30, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are reported in this class if the donor limited their use, as are promised contributions that are not yet due. The unspent appreciation of the Organization's donor-restricted endowment funds is also reported as temporarily restricted net assets.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

Permanently restricted net assets are resources whose use is limited by donor-imposed restrictions that neither expires by being used in accordance with a donor's restriction nor by the passage of time. The portion of the Organization's donor-restricted endowment funds that the Organization is committed to maintaining in perpetuity are classified in this net asset class. There were no permanently restricted net assets at June 30, 2017.

Uninsured Cash Balances

The Organization maintains cash balances at a bank in the New York metropolitan area. Cash accounts at the bank are insured by the Federal Deposit Insurance Corporation subject to certain limits. At times, cash balances may be in excess of the insured limits. The Organization has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk on its cash.

Property and Equipment and Depreciation Methods

Major property and equipment additions are recorded at cost if purchased, or, if in the case of donated property, at the fair value at the date of the gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the respective assets. The estimated life of the property and equipment is 5 years.

Brooklyn Community Pride Center, Inc.
Notes to Financial Statements
June 30, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Organization's financial instruments include cash, grants receivable, contributions receivable, and accounts payable and accrued expenses. The recorded values of cash, grants receivable, contributions receivable and accounts payable and accrued expenses approximates their fair values due to their short-term duration.

Tax-Exempt Status

The Organization is a non-profit organization exempt from federal and state income taxes under IRS Code Section 501(c) (3).

Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service.

Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2017, no uncertain positions were taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress.

Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances and are all due within one year. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions receivable. In the opinion of management, no allowance was necessary at June 30, 2017. The Organization does not charge interest on its receivables.

Government Grants

The Organization is the recipient of various grants from government agencies. Expenses charged to these grants are subject to audit by the government agencies. No provision for any potential liability for the current or prior years has been reflected in these financial statements.

In-Kind Contributions

During the year ended June 30, 2017, the value of in-kind contributions meeting the requirements for recognition in the financial statements was \$22,850, which was included in support on the statement of activities. In-kind contributions for the year ended June 30, 2017 were for accounting, consulting, and legal services.

Expense Allocations

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

Brooklyn Community Pride Center, Inc.
Notes to Financial Statements
June 30, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Estimates are based on past experience and other assumptions that management believes are reasonable under the circumstances, and management evaluates these estimates on an ongoing basis. The significant estimates of the Organization include no allowance for uncollectible receivables and expense allocations.

Advertising

Advertising costs are expensed as incurred. Advertising expenses amounted to \$2,294 for the year ended June 30, 2017.

Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through May 11, 2018, the date the financial statements were available to be issued.

Note 3 - Grants Receivable

Grants receivable were \$30,415 for the year ended June 30, 2017. All grants receivable are from NYC governmental agencies and are due within one year. In the opinion of management, no allowance for doubtful accounts is necessary at June 30, 2017.

Note 4 – Government Grant Income

Government grant income amounted to \$107,820 for the year ended June 30, 2017. The amount was awarded by the NYC Department of Cultural Affairs and NYC Department of Youth & Community Development and \$30,415 of the total was included in grants receivable at June 30, 2017.

Note 5 - Property and Equipment

Property and equipment consisted of the following at June 30, 2017:

Office equipment	\$ 3,861
Less: accumulated depreciation	<u>(3,154)</u>
	<u>\$ 707</u>

Depreciation expense for the year ended June 30, 2017 amounted to \$878.

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2017 were restricted for the following purposes:

Restoration Plaza Construction	\$ 20,000
Contributions receivable – Time restriction	<u>30,120</u>
	<u>\$ 50,120</u>

Brooklyn Community Pride Center, Inc.
Notes to Financial Statements
June 30, 2017

Note 7 – Commitments

During the year ended June 30, 2017, the Organization entered into an agreement to lease office space under a non-cancelable lease that began July 2017 and expires in July 2022. The total minimum annual lease payments, exclusive of escalations for taxes and other operating expenses are as follows:

<u>Years Ending June 30,</u>	
2018	\$ 59,422
2019	80,654
2020	83,074
2021	85,566
2022	88,133
Thereafter	<u>3,677</u>
	<u>\$ 400,526</u>

Note 8 – Risks and Uncertainties

The Organization is dependent upon contributions from the public for its revenue. The ability of the Organization to continue to elicit this level of contribution is dependent upon current and future economic conditions as well as income tax efficiencies.