

**GAY AND LESBIAN COMMUNITY CENTER
OF PHILADELPHIA, INC.
T/A WILLIAM WAY LGBT COMMUNITY CENTER**

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

**GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.
T/A WILLIAM WAY LGBT COMMUNITY CENTER**

YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Gay and Lesbian Community Center of Philadelphia, Inc.
T/A William Way LGBT Community Center
Philadelphia, Pennsylvania

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Gay and Lesbian Community Center of Philadelphia, Inc., T/A William Way LGBT Community Center (a nonprofit corporation), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Center's preparation and fair presentation of the consolidated 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 Center'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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As more fully described in Note 1, the Gay and Lesbian Community Center of Philadelphia, Inc., T/A William Way LGBT Community Center (the Center) merged with LGBT Elder Initiative effective on January 1, 2021. The Center's financial statements for the year ended June 30, 2021 are consolidated with the accounts of the LGBT Elder Initiative.

Opinion

In our opinion, the consolidated financial statements referred to previously present fairly, in all material respects, the financial position of Gay and Lesbian Community Center of Philadelphia, Inc., T/A William Way LGBT Community Center as of June 30, 2021, 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.

O'Hara, Ward & Associates
Yardley, PA

March 10, 2022

GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.
T/A WILLIAM WAY LGBT COMMUNITY CENTER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Current Assets

| | |
|--|---------------|
| Cash and Cash Equivalents..... | \$ 575,080 |
| Grants Receivable - ERC..... | 105,908 |
| Grants and Contributions Receivable..... | 250,196 |
| Pledges Receivable, Current Portion..... | 136,947 |
| Prepaid Expenses..... | <u>10,466</u> |

Total Current Assets..... 1,078,597

Property and Equipment Net of Accumulated

| | |
|----------------------------------|----------------|
| Depreciation of \$1,191,132..... | <u>796,208</u> |
|----------------------------------|----------------|

Other Assets

| | |
|---|--------------|
| Pledges Receivable, Net of Current Portion..... | 243,425 |
| Endowment..... | 224,667 |
| Tenant Security Deposits..... | <u>2,690</u> |

Total Other Assets..... 470,782

TOTAL ASSETS..... \$ 2,345,587

LIABILITIES AND NET ASSETS

Current Liabilities

| | |
|--|--------------|
| Accounts Payable..... | \$ 78,051 |
| Accrued Payroll & Payroll Taxes..... | 10,132 |
| CARES PPP Loan Payable..... | 158,690 |
| SBA EIDL Loan Payable - Current Portion..... | 2,700 |
| Lines of Credit..... | 150,000 |
| Deferred Revenue..... | <u>1,905</u> |

Total Current Liabilities..... 401,478

Long-Term Liabilities

| | |
|---|----------------|
| Tenant Security Deposits..... | 2,690 |
| SBA EIDL Loan Payable - Net of Current Portion..... | <u>147,300</u> |

Total Liabilities..... 551,468

Net Assets

| | |
|--|----------------|
| Net Assets Without Donor Restrictions..... | 1,042,433 |
| Net Assets With Donor Restrictions..... | <u>751,686</u> |

Total Net Assets..... 1,794,119

TOTAL LIABILITIES AND NET ASSETS..... \$ 2,345,587

The accompanying notes are an integral part of these financial statements.

**GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.
T/A WILLIAM WAY LGBT COMMUNITY CENTER
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | Total |
|--|--|---|---------------------|
| <u>Support and Revenues</u> | | | |
| Contributions..... | \$ 858,326 | \$ 127,377 | \$ 985,703 |
| Foundation Grants..... | 225,464 | 38,386 | 263,850 |
| Government Grants..... | 80,660 | - | 80,660 |
| Contributions of Net Assets from Merger..... | 69,298 | - | 69,298 |
| United Way..... | 11,674 | - | 11,674 |
| Rental Revenue..... | 35,135 | - | 35,135 |
| In-kind Contributions..... | 67,764 | - | 67,764 |
| Event Income, Net of \$4,600 Expenses..... | 53,352 | - | 53,352 |
| Program Income..... | 9,313 | - | 9,313 |
| Investment Income, Net..... | 39 | 53,265 | 53,304 |
| Net Assets Released from Restrictions..... | 110,652 | (110,652) | - |
| Total Support and Revenues..... | 1,521,677 | 108,376 | 1,630,053 |
| <u>Expenses</u> | | | |
| Program Services..... | 1,162,805 | - | 1,162,805 |
| Management and General..... | 181,055 | - | 181,055 |
| Fundraising Expense..... | 236,587 | - | 236,587 |
| Total Expenses..... | 1,580,447 | - | 1,580,447 |
| Change in Net Assets from Operations..... | (58,770) | 108,376 | 49,606 |
| <u>Other Changes in Net Assets</u> | | | |
| CARES PPP Loan Forgiveness..... | 145,561 | - | 145,561 |
| Government Grant - ERC..... | 140,471 | - | 140,471 |
| Total Other Changes in Net Assets..... | 286,032 | - | 286,032 |
| Total Change in Net Assets..... | 227,262 | 108,376 | 335,638 |
| Net Assets, Beginning of Year..... | 815,171 | 643,310 | 1,458,481 |
| Net Assets, End of Year..... | \$ 1,042,433 | \$ 751,686 | \$ 1,794,119 |

The accompanying notes are an integral part of these financial statements.

**GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.
T/A WILLIAM WAY LGBT COMMUNITY CENTER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|--------------------------------------|-----------------------------|---------------------------------------|--------------------|---------------------|
| <u>Personnel</u> | | | | |
| Salaries..... | \$ 587,290 | \$ 78,286 | \$ 89,878 | \$ 755,454 |
| Payroll Taxes..... | 57,023 | 7,582 | 8,756 | 73,361 |
| Employee Benefits..... | <u>36,607</u> | <u>5,418</u> | <u>5,421</u> | <u>47,446</u> |
| Total Personnel..... | <u>680,920</u> | <u>91,286</u> | <u>104,055</u> | <u>876,261</u> |
| <u>Operating Expenses</u> | | | | |
| Professional Fees..... | 81,006 | 41,428 | 93,713 | 216,147 |
| Program Expense..... | 97,798 | - | - | 97,798 |
| Office Supplies..... | 57,929 | 8,542 | 9,254 | 75,725 |
| Depreciation..... | 54,159 | 8,665 | 9,387 | 72,211 |
| Counselors - In-Kind..... | 67,764 | - | - | 67,764 |
| Insurance..... | 27,299 | 4,282 | 4,639 | 36,220 |
| Repairs & Maintenance..... | 26,635 | 4,262 | 4,617 | 35,514 |
| Travel..... | 19,108 | 2,953 | 3,848 | 25,909 |
| Telephone..... | 17,490 | 4,192 | 2,305 | 23,987 |
| Utilities..... | 13,324 | 2,132 | 2,309 | 17,765 |
| Contributions..... | 14,135 | - | - | 14,135 |
| Bank and Credit Card Fees..... | 569 | 9,151 | - | 9,720 |
| Staff Training..... | 3,123 | 401 | 481 | 4,005 |
| Bad Debt Expense..... | - | 3,567 | - | 3,567 |
| Postage..... | 590 | 118 | 1,651 | 2,359 |
| Advertising & Marketing..... | 878 | 63 | 314 | 1,255 |
| Interest..... | <u>78</u> | <u>13</u> | <u>14</u> | <u>105</u> |
| Total Operating Expenses..... | <u>481,885</u> | <u>89,769</u> | <u>132,532</u> | <u>704,186</u> |
| Total Expenses..... | <u>\$ 1,162,805</u> | <u>\$ 181,055</u> | <u>\$ 236,587</u> | <u>\$ 1,580,447</u> |

The accompanying notes are an integral part of these financial statements.

**GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.
T/A WILLIAM WAY LGBT COMMUNITY CENTER
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

| | |
|--|-------------------|
| Cash Flows From Operating Activities: | |
| Change in Net Assets..... | \$ 335,638 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | |
| Depreciation..... | 72,211 |
| Bad Debt Expense..... | 3,567 |
| Debt Forgiveness - CARES PPP Loan..... | (145,561) |
| (Increases)/Decreases on Investments held by Philadelphia Foundation..... | (46,008) |
| (Increase) Decrease in Operating Assets: | |
| Grants & Contributions Receivable..... | 160,453 |
| Pledges Receivable..... | (292,682) |
| Grants Receivable - ERC..... | (105,908) |
| Prepaid Expenses..... | (618) |
| Tenant Security Deposits..... | 4,221 |
| Increase (Decrease) in Operating Liabilities: | |
| Accounts Payable..... | 30,627 |
| Deferred Revenue..... | 875 |
| Tenant Security Deposits..... | (4,221) |
| Net Cash From Operating Activities..... | <u>12,594</u> |
| Cash Flows From Investing Activities: | |
| Purchase of Property & Equipment..... | <u>(113,374)</u> |
| Net Cash From Investing Activities..... | <u>(113,374)</u> |
| Cash Flows From Financing Activities: | |
| Net Proceeds from Loans Payable - SBA..... | <u>308,690</u> |
| Net Cash From Financing Activities..... | <u>308,690</u> |
| Change in Cash and Cash Equivalents..... | 207,910 |
| Cash and Cash Equivalents, Beginning of Year..... | <u>367,170</u> |
| Cash and Cash Equivalents, End of Year..... | <u>\$ 575,080</u> |
| Supplemental Disclosures: | |
| Interest Paid..... | <u>\$ 105</u> |

The accompanying notes are an integral part of these financial statements.

**GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.
T/A WILLIAM WAY LGBT COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies

Objectives of the Organization

The William Way LGBT Community Center (the Center) was incorporated in the Commonwealth of Pennsylvania on January 9, 1975. The Center seeks to engage and support the diverse LGBTQIA+ communities in the greater Philadelphia area through arts & culture, empowerment, and community connections. The Center wants all LGBTQIA+ people to feel safe, connected, and empowered. It strives to be a community center whose staff, management, and board reflect the vibrant and richly diverse communities we serve. The Center's support and revenue comes primarily from contributions and grants and program revenue.

Effective January 1, 2021, the LGBT Elder Initiative (the Subsidiary), a Pennsylvania nonprofit corporation, became a subsidiary corporation of the Center. The Center will maintain the budget and staffing of the Subsidiary's programs and will establish an Elder Advisory Committee to provide input on future operations. The Center has rights to all property of the Subsidiary and is subject to all of its debts, liabilities and obligations. The primary reason for the merger was to utilize synergies among their respective organizations and to maximize the impact of their respective missions.

The Center is open to the public and provides services to lesbian, gay, bisexual, transgender, and queer (LGBTQ) individuals and their allies in the following program areas:

Arts & Culture

The Center hosts and supports a variety of programming that promotes LGBTQ arts and culture.

The John J. Wilcox, Jr. Archives is Philadelphia's most extensive collection of personal papers, organizations records, periodicals, audiovisual material and ephemera documenting the rich history of our LGBTQ communities. The mission of the Archives is to collect, describe, interpret, and provide access to publications, personal papers, organizations and business records, audiovisual materials, and ephemera created by, dealing with, or of special interest to gay, lesbian, bisexual, and transgender individuals.

Regular exhibitions in William Way's lobby showcase the work of locally- and nationally-known LGBT artists. The Art Gallery's exhibits, which rotate with new bi-monthly shows, include opening receptions that usually take place at the start of each exhibition. Most art featured in the gallery is available for sale with 35 percent of profits donated directly to the Center.

The John J. Wilcox, Jr. Library at William Way is the nation's oldest LGBTQ lending library, established in 1976 as the Library of the Gay Community Center of Philadelphia. The Library contains more than 14,000 volumes of LGBTQ-related fiction and non-fiction, thanks mostly to generous donations.

**GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.
T/A WILLIAM WAY LGBT COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (Cont'd)

Objectives of the Organization (Cont'd)

Empowerment

The Center's empowerment programs encompass all programming designed to support and uplift communities.

In 2021, the LGBT Elder Initiative and the William Way LGBT Community Center merged to create the Elder Initiative at William Way. This consolidation created a central hub for resources, referrals, and programs for LGBTQ older adults in the Greater Philadelphia region. The William Way Elder Initiative programming includes educational workshops, social groups, and supportive services at the John C Anderson LGBT-friendly Apartments.

The Arcila-Adams Trans Resource Center creates space for trans folks to build community between each other. When we say trans, we are including our whole gender diverse family, all of those between and outside the binary. The TRC offers space for trans folks to run programs, prioritizing BIPOC community, connects folks to resources, and supports individuals to navigate completing name change and updating other legal documents.

The Peer Counseling Program of the Center offers one-to-one counseling that is confidential and free of charge. We offer short-term, goal-oriented counseling by addressing many of the crucial issues facing members of our communities, including: coming out, sexual identity, relationships, family issues, isolation and loneliness, substance abuse, HIV and AIDS, aging, legal issues, health and safety.

Community Connections

The Center is proud to provide space to a number of recovery communities. Most meetings are held in our Recovery Room, just off the main lobby. During the pandemic, some recovery groups are meeting in the Center, some are meeting via Zoom, and some are meeting in alternative spaces.

Located in the heart of Philadelphia's Gayborhood (and just one block from the City's Avenue of the Arts) and convenient to all public transportation, the Center offers some of the most competitive rental rates in Philadelphia, whether hosting a wedding or commitment ceremony, birthday party, anniversary celebration or private event for guests up to 200 people. Through a space-sharing program, the Center offers free space for groups and organizations led by trans and/or BIPOC community members.

**GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.
T/A WILLIAM WAY LGBT COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (Cont'd)

Principles of Consolidation:

The consolidated financial statements include the accounts of William Way LGBT Community Center and the LGBT Elder Initiative. As described above, the entities merged effective January 1, 2021. All intercompany accounts and transactions have been eliminated in consolidation.

Federal Income Tax Status:

The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Basis of Financial Statement Presentation:

The financial statements of the Center have been prepared on the accrual basis of accounting. The Center reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Cash and Cash Equivalents:

For the purposes of the Consolidated Statement of Cash Flows, the Center considers all highly liquid debt instruments purchased with a maturity of three months or less, except bank certificates of deposit and treasury obligations, to be cash equivalents. Bank CD's and treasury obligations are considered to be temporary investments, not cash equivalents.

The Center's cash and cash equivalent accounts and interest-bearing deposits in banks and other financial institutions may at times exceed the federally insured limits. The Center has not experienced any losses in these accounts. Management believes that the Center is not exposed to any significant risk on these deposits.

Property, Furniture and Equipment:

Property, furniture and equipment is stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. The Center's policy requires capitalization of purchased assets with a cost greater than \$1,000 and donated assets with an estimated fair value at the date of the contribution of over \$1,000.

**GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.
T/A WILLIAM WAY LGBT COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (Cont'd)

Management's Use of Estimates and Assumptions:

Management uses estimates and assumptions in preparing its financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Compensated Absences:

While employed by the Center employees are entitled to paid vacations, sick days, and other time off depending on job classification, length of service, and other factors. Employees leaving employment will not be paid for accumulated sick leave. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Center's policy is to recognize the cost of compensated absences when earned, instead of when paid to employees.

Support and Revenue Recognition:

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable values. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present values of their net realizable values, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. Conditional promises to give are recognized when the conditions on which they are dependent are substantially satisfied.

Contributions 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 investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Center has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

**GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.
T/A WILLIAM WAY LGBT COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 1. Summary of Significant Accounting Policies (Cont'd)

Contributed Services:

Donated services are recognized as contributions if the services create or enhance non-financial assets, would typically need to be purchased, and require specialized skills which are provided by people who possess those skills.

Donated administrative services of \$67,764 were recognized during 2021.

Accounts, Grants and Pledges Receivable:

Accounts, grants, and pledges receivable are stated at the amount management expects to collect from outstanding balances. 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 receivables from grants and contracts. 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 the applicable receivable changes. At June 30, 2021, no allowance was necessary. The discounts on pledges receivable are computed using a risk-free interest rate applicable to the year in which the contribution is made. Amortization of the discount is included in contribution revenue. All grants and contribution receivable are all expected to be collected within one year.

Functional Allocation of Expenses:

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. Certain operating expenses have been allocated to program services based on the reasonable benefit that the program derived from these expenses. There are various funding sources providing support towards the Center's programs, and some of the expenses charged to the programs represent direct expenses related to program operations and objectives. For salaries, taxes, and benefits, allocations are decided on an individual basis, based on the functions of each position. These allocations may be updated on a periodic basis based on the evolving responsibilities of a position, and by nature some positions will be split across multiple functions while others will be more compartmentalized. Expenses are allocated on the basis of time and effort percentages unless directly incurred by one function receiving the benefit.

Date of Management Evaluation of Subsequent Events:

In preparing the accompanying financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through March 10, 2022, the date on which the financial statements were available to be issued.

**GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.
T/A WILLIAM WAY LGBT COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 2. Pledges Receivable

The Center has received multi-year pledges to be collected during the following years:

| | |
|---|-------------------|
| 2022..... | \$ 136,947 |
| 2023..... | 77,000 |
| 2024..... | 72,000 |
| 2025..... | 72,000 |
| 2026..... | 35,000 |
| Less: Discount on Pledges Receivable..... | <u>(12,575)</u> |
| | 380,372 |
| Less: Current Portion..... | <u>(136,947)</u> |
| | <u>\$ 243,425</u> |

Note 3. Property, Furniture, and Equipment

Property, furniture, and equipment consist of the following at June 30, 2021:

| | Estimated Useful Lives <u>In Years</u> | |
|---------------------------------------|--|---------------------|
| Land | 0 | \$ 150,000 |
| Building | 30 | 233,792 |
| Building Renovations and Improvements | 5 - 20 | 922,016 |
| Computer Equipment | 3 - 20 | 35,220 |
| Construction in Progress | 5 - 20 | 17,496 |
| Building Equipment | 10 - 20 | 558,350 |
| Furniture and Fixtures | 3 - 5 | <u>70,466</u> |
| | | 1,987,340 |
| Less: Accumulated Depreciation | | <u>(1,191,132)</u> |
| | | <u>\$ 796,208</u> |

Depreciation charged to expense for the year ended June 30, 2021 was \$72,211.

Note 4. Lines of Credit

The Center also maintains a \$150,000 line of credit with a charitable foundation of which \$150,000 was outstanding at June 30, 2021. The line of credit carries an interest rate of 5% payable on a monthly basis. The note shall be due and payable in full, including all principal and accrued interest, on demand, but no later than July 31, 2022.

**GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.
T/A WILLIAM WAY LGBT COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 5. In-Kind Contributions

The Center recognizes contributions of services received if such services create or enhance financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not contributed. The value of donated services included as contributions in the accompanying financial statements and the corresponding expenses for the year ended June 30, 2021 were \$67,764 .

A substantial number of unpaid volunteers have made significant contributions of their time to the Center. The value of this contributed time is not reflected in the financial statements since it does not meet the criteria discussed above.

Note 6. Fair Value Measurement

The fair value measurements accounting literature 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 are as follows: Level 1, Quoted Prices in Active Markets; Level 2, Observable Measurement Criteria; and Level 3, Unobservable Measurement Criteria.

For applicable assets and liabilities subject to this pronouncement, the Center will value such assets and liabilities using quoted market prices in active markets for identical assets and liabilities to the extent possible. To the extent that such market prices are not available, the Center will next attempt to value such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available; the Center will develop measurement criteria based on the best information available. The Center has only Level 2 investments.

The Center’s financial assets are reported at fair value in the accompanying statement of financial position.

| | <u>Fair Value</u> | <u>Level 2</u> |
|-----------------|--------------------------|-----------------------|
| Grant Fund..... | <u>\$ 224,667</u> | <u>\$ 224,667</u> |

Investment return of \$55,333 for the year ended June 30, 2021, are included in investment gain/loss.

**GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.
T/A WILLIAM WAY LGBT COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 7. Endowment Fund

Included in the financial activity presented herein, the Center has funds maintained at a foundation valued at \$224,667 as of June 30, 2021. These funds represent bequests and gifts designated for the Center from two generous community donors and are invested in accordance with the donors' wishes. Distributions of income and principal are made when funds are disbursed to the Center and are treated as releases from restrictions.

The activity of the fund is summarized as follows:

| | |
|-------------------------------|-------------------|
| Beginning Value | \$ 178,659 |
| Contributions | 25 |
| Investment Income (Loss)..... | 55,333 |
| Fees..... | (2,068) |
| Program Expenditures | <u>(7,282)</u> |
| Ending Value | <u>\$ 224,667</u> |

Note 8. Long-Term Debt

Long-term debt consists of the following at June 30,:

| | |
|---|-------------------|
| Note payable, U.S. Small Business Administration, due in September 2050. Commencing October 2, 2021, interest accrues at 2.75% per year. Payments of principal and interest are deferred until October 2, 2021. Collateralized by all assets; subject to compliance with certain conditions as defined..... | <u>\$ 150,000</u> |
| Total Long-Term Debt..... | <u>\$ 150,000</u> |

The aggregate maturities of long-term debt at June 30, 2021 are as follows:

| | |
|---------------------------|-------------------|
| 2022..... | \$ 2,700 |
| 2023..... | 3,687 |
| 2024..... | 3,790 |
| 2025..... | 3,896 |
| 2026..... | 4,004 |
| Thereafter..... | <u>131,923</u> |
| Total Long-Term Debt..... | <u>\$ 150,000</u> |

**GAY AND LESBIAN COMMUNITY CENTER OF PHILADELPHIA, INC.
T/A WILLIAM WAY LGBT COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 9. Operating Lease

The Center leases equipment under an operating lease through July 31, 2024. Rental expense for this lease amounted to \$8,220 for the year ended June 30, 2021.

Future minimum payments under the agreement are as follows:

| Year Ending June 30, | |
|-------------------------|------------------|
| 2022..... | \$ 8,220 |
| 2023..... | 8,220 |
| 2024..... | <u>685</u> |
| | <u>\$ 17,125</u> |

Note 10. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following programs at June 30, 2021:

| | |
|--|-------------------|
| Archives..... | \$ 244,250 |
| Community Connections..... | 10,000 |
| Endowment Fund..... | 224,667 |
| Fundraising..... | 69,092 |
| Senior Services..... | 70,520 |
| Subsequent Years' Operations from Pledges..... | 107,477 |
| Trans Leadership..... | <u>25,680</u> |
| | <u>\$ 751,686</u> |

Note 11. Satisfaction of Program Restrictions

Net assets were released from donor restrictions by incurring expense satisfying the restricted purposes specified by the donors. Purpose restrictions accomplished for the year ended June 30, 2021 were:

| | |
|--------------------------------------|-------------------|
| Archives..... | \$ 54,863 |
| Community Safety Trainings..... | 1,000 |
| Endowment Fund..... | 7,282 |
| General Operations from Pledges..... | 16,280 |
| Fundraising..... | 5,000 |
| Senior Services..... | 1,175 |
| Space Sharing..... | 8,000 |
| Trans Leadership..... | 7,052 |
| IBA Transwork..... | <u>10,000</u> |
| | <u>\$ 110,652</u> |

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Note 12. Event Income, Net

The value of event income, net of cost of direct benefits to donors for the year ended June 30, 2021 is as follows:

| | |
|---------------------------------|------------------|
| Event Income | \$ 57,952 |
| Less Direct Benefits to Donors: | |
| Entertainment | 4,600 |
| Event Income, Net | <u>\$ 53,352</u> |

Note 13. Adoption of Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASC 606) and all related amendments. ASC 606 supersedes most existing revenue recognition guidance. ASC provides a principles-based framework for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects in exchange for the goods or services provided. It also requires enhanced disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Center adopted ASC 606 and all related amendments using the modified retrospective transition method. The Center concluded that the adoption of the new standard did not require an adjustment to the opening net asset balances.

During 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets is a contribution or an exchange transaction. Additionally, the amendments in this ASU require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The Center adopted this new standard in the year ending June 30, 2020. The Center concluded that the adoption of the new standard did not require an adjustment to the opening net asset balances.

Note 14. Government Grant - Employee Retention Credit

The Center is eligible for the Employee Retention Credit ("ERC") under the CARES Act. The Center received \$34,563 prior to June 30, 2021 for the quarter ended June 30, 2021. Grants receivable for the ERC at June 30, 2021 are \$105,908 which represents refunds due on the 2021 Form 941 Employer Quarterly Federal Tax Return for the quarter ended June 30, 2021 and 2020 Form 941-X Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund for the quarters ended June 30, 2020, September 30, 2020, and December 31, 2020. The total ERC grant for the year ended June 30, 2021 was \$140,471.

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Note 15. Liquidity

The Center monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Center has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

| | |
|--|-------------------|
| Cash and Cash Equivalents..... | \$ 575,080 |
| Grants and Contributions Receivable..... | 250,196 |
| Pledges Receivable, Current Portion..... | <u>136,947</u> |
| | <u>\$ 962,223</u> |

In addition to financial assets available to meet general expenditures over the year, the Center operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient program fees and other revenues as needed.

Note 16. Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2017-02, *Leases* (Topic 842), which supersedes FASB ASC Topic 840, *Leases* (Topic 840) and provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. Leases with a term of twelve months or less will be accounted for similar to existing guidance for operating leases. Lessor accounting is mostly unchanged from the current model, but updated to align with certain changes to the lessee accounting model and the new revenue recognition standard. The ASU is effective for most nonprofit organizations for fiscal years beginning after December 15, 2021. The impact of adopting this ASU on the Agency's financial statements for subsequent periods has not yet been determined.

Note 17. Forgivable Loans Under the SBA Paycheck Protection Program

The Center obtained a \$145,561 loan from Wells Fargo Bank under the Paycheck Protection Program (PPP) in April 2020. Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. The Center qualified for full forgiveness of the loan in the amount of \$145,561 from the Small Business Administration (SBA) on April 28, 2021. The loan forgiveness is presented as a component of other changes in net assets on the statement of activities at June 30, 2021.

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES) that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide

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Note 17. Forgivable Loans Under the SBA Paycheck Protection Program (Cont'd)

small business loans. In May 2020, LGBT Elder Initiative obtained a PPP loan in the amount of \$13,645, which is included in the Organization's current liabilities as of June 30, 2021. The Organization believes it expended all of the proceeds from the loan for qualifying expenses and thus expects to receive approval of its application for the loan to be forgiven at some point in the future, at which time the Organization will recognize a gain on extinguishment of debt. If the loan is not forgiven it will bear interest at 1% and be payable over a 2 year period.

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES) that, among other economic stimulus measures, established a second round of the Paycheck Protection Program (PPP) to provide small business loans. In February 2021, the Center obtained a second PPP loan in the amount of \$145,045, which is included in current liabilities as of June 30, 2021. The Center believes it expended all of the proceeds from the loan for qualifying expenses and thus expects to receive approval of its application for the loan to be forgiven at some point in the future, at which time a gain on extinguishment of debt will be recognized. If the loan is not forgiven it will bear interest at 1% and be payable over a 2-year period.

Note 18. Subsequent Event-Coronavirus Pandemic

In December 2019, a novel strain of coronavirus ("COVID-19") was reported to have surfaced in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" and characterized COVID-19 as a pandemic. The U.S. government has also implemented enhanced screenings, quarantine, and social distancing requirements and travel restrictions in connection with the COVID-19 outbreak. As a result, recent market conditions have resulted in an unusually high degree of volatility and increased the risks and may affect the short-term liquidity associated with investments held by the Center which could impact the value of investments after the date of these financial statements. As the values of individual investments fluctuate with market conditions, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. The spread of this virus has caused disruption to the Center beginning in March 2020, resulting in the temporary closure of the administrative office and programs. While the Center expects this matter to negatively impact its results, the extent of the impact of the COVID-19 on the Center's operational and financial performance will depend on future developments, including the duration and spread of the outbreak, government-imposed restrictions, and other factors, all of which are highly uncertain and cannot be predicted.

Note 19. Employee Benefit Plan

The Center has arranged for all employees to participate in a 403(b) qualified salary deferral plan. Employees voluntarily participate and make any and all contributions on a pre-tax basis. The Center makes no contributions to this plan.