

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS**

**STONEWALL COLUMBUS, INC.**  
**December 31, 2016**



**HARAN, WATSON & COMPANY**

*Certified Public Accountants and Business consultants*

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## **CONTENTS**

	<b>Page</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>2</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>3</b>
<b>STATEMENT OF FUNCTIONAL EXPENSES</b>	<b>4</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>5</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>6-9</b>



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To the Board of Trustees of  
Stonewall Columbus, Inc

### **Independent Auditors' Report**

We have audited the accompanying financial statements of Stonewall Columbus, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, 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 Stonewall Columbus, Inc. as of December 31, 2016, 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.

Haran, Watson & Company, Inc.  
Columbus, Ohio  
February 2, 2017

**STONEWALL COLUMBUS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2016**

	<u><b>2016</b></u>
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 972,680
Prepaid expenses	26,629
Grants receivable	14,445
Promises to Give receivable, net of discount and allowance for uncollectibles of \$3,910 (current portion)	387,062
Total Current Assets	<u>1,400,816</u>
Non-current Assets:	
Property and Equipment	
Building & building improvements	696,766
Construction in progress	100,674
Furniture and fixtures	70,867
	<u>868,307</u>
less accumulated depreciation (See Note C)	<u>(244,767)</u>
	623,540
Land	<u>242,500</u>
Total Property and Equipment less Accumulated Depreciation	866,040
Promises to Give receivable, net of discount and allowance for uncollectibles of \$19,781 (non-current portion)	636,328
Other non-current assets	<u>1,326</u>
Total Non-current Assets	1,503,694
<b>Total Assets</b>	<b><u>\$ 2,904,510</u></b>
<b>Liabilities and Net Assets</b>	
Current Liabilities:	
Accounts payable	\$ 33,106
Accrued payroll	25,097
Other current liabilities	6,023
Deferred revenue	57,000
Current portion of long-term debt (See Note D)	14,200
Total Current Liabilities	<u>135,426</u>
Non-current Liabilities:	
Long-term debt, less current portion (See Note D)	<u>482,639</u>
Total Liabilities	618,065
Net Assets:	
Unrestricted net assets (See Note B)	477,775
Temporarily restricted net assets (See Note B)	1,808,670
Permanently restricted net assets (See Note B)	<u>-</u>
Total Net Assets	2,286,445
	<b><u>\$ 2,904,510</u></b>

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

**STONEWALL COLUMBUS, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2016**

**2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Public Support, Membership, and Contributions</b>				
Grants	\$ 157,698	50,000	-	\$ 207,698
Contributions	64,513	-	-	64,513
Capital campaign	-	1,140,631	-	1,140,631
Banner campaign	-	25,991	-	25,991
Membership	68,203	-	-	68,203
<b>Total Public Support, Membership, and Contributions</b>	<b>290,414</b>	<b>1,216,622</b>	<b>-</b>	<b>1,507,036</b>
<b>Other Revenues</b>				
Pride month	574,831	-	-	574,831
Advertising	55,609	-	-	55,609
Rental revenues	8,871	-	-	8,871
Miscellaneous	28,150	-	-	28,150
Net assets released from restrictions				
Restrictions satisfied by payments	149,345	(149,345)	-	-
<b>Total Other Revenues</b>	<b>816,806</b>	<b>(149,345)</b>	<b>-</b>	<b>667,461</b>
<b>Total Revenues</b>	<b>\$ 1,107,220</b>	<b>\$ 1,067,277</b>	<b>\$ -</b>	<b>\$ 2,174,497</b>
<b>Expenses</b>				
Provision for uncollectible promises to give receivable	-	-	-	-
Management and general	77,165	-	-	77,165
Fundraising and development	189,079	-	-	189,079
Program services	757,246	-	-	757,246
<b>Total Expenses</b>	<b>\$ 1,023,490</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,023,490</b>
<b>Change in net assets</b>	<b>83,730</b>	<b>1,067,277</b>	<b>-</b>	<b>1,151,007</b>
<b>Net assets at beginning of year</b>	<b>394,045</b>	<b>741,393</b>	<b>-</b>	<b>1,135,438</b>
<b>Net assets at end of year</b>	<b>\$ 477,775</b>	<b>\$ 1,808,670</b>	<b>\$ -</b>	<b>\$ 2,286,445</b>

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

**STONEWALL COLUMBUS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2016**

	<b>Management And General</b>	<b>Fundraising and Development</b>	<b>Program Services</b>	<b>Total</b>
Salaries	\$ 38,832	\$ 79,967	\$ 210,283	\$ 329,082
Payroll taxes and employee benefits	3,715	7,651	20,120	31,486
<b>Total Compensation</b>	<u>42,547</u>	<u>87,618</u>	<u>230,403</u>	<u>360,568</u>
Contract services	3,319	14,184	155,197	172,700
Supplies	1,757	17,730	95,336	114,823
Printing and publishing	-	-	35,656	35,656
Fundraising fees	-	66,275	-	66,275
Equipment rental	405	834	58,667	59,906
Telephone	916	1,886	4,959	7,761
Professional fees	21,616	-	-	21,616
Interest expense	-	-	27,198	27,198
Depreciation	-	-	28,772	28,772
Travel	136	-	1,972	2,108
Postage	314	648	8,071	9,033
Insurance	4,278	-	10,210	14,488
Bank charges	1,387	2,857	7,513	11,757
Internet	195	402	1,058	1,655
Advertising	-	-	34,246	34,246
Utilities	-	-	8,379	8,379
Property taxes	-	-	2,066	2,066
Permits	-	-	6,141	6,141
Other	295	(3,355)	41,402	38,342
	<u>34,618</u>	<u>101,461</u>	<u>526,843</u>	<u>662,922</u>
<b>Total</b>	<u><u>\$ 77,165</u></u>	<u><u>\$ 189,079</u></u>	<u><u>\$ 757,246</u></u>	<u><u>\$ 1,023,490</u></u>

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

**STONEWALL COLUMBUS, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2016**

	<u><b>2016</b></u>
<b>Cash flows provided (or used) by operating activities</b>	
Change in net assets	\$ 1,151,007
Depreciation & amortization	26,631
Provision for uncollectible promises to give receivable	(2,175)
Changes in assets and liabilities	
Prepaid expenses	(7,143)
Grants receivable	27,435
Promises to Give receivable	(465,656)
Other non-current assets	338
Accounts payable	25,472
Accrued payroll	(2,819)
Deferred Income	9,266
Other current liabilities	(2,581)
<b>Net cash provided (or used) by operating activities</b>	<u><u>759,775</u></u>
 <b>Cash flows provided (or used) by financing activities</b>	
Payments on long term debt	<u>(14,627)</u>
<b>Net cash provided (or used) by financing activities</b>	<u><u>(14,627)</u></u>
 <b>Cash flows provided (or used) by investing activities</b>	
Purchases of property and equipment	<u>(83,487)</u>
<b>Net cash provided (or used) by investing</b>	<u><u>(83,487)</u></u>
 <b>Net increase/(decrease) in cash and cash equivalents</b>	<u><u>661,661</u></u>
 <b>Cash and cash equivalents at the beginning of the year</b>	311,019
 <b>Cash and cash equivalents at the end of the year</b>	<u><u>\$ 972,680</u></u>
 <b>Supplemental Disclosures</b>	
Cash paid for	
Income taxes	<u>\$ -</u>
Interest	<u><u>\$ 27,198</u></u>

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

Stonewall Columbus, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE AND SCOPE OF BUSINESS

Stonewall Columbus, Inc. (the “Organization”) was formed in 1987 to empower the lesbian, gay, bisexual, and transgender community to foster a sense of society through educational programs, referral networks, and advocacy. The Organization provides programs, services, publications, and events such as Pride Month, Lavender Listings, Stonewall Journal, support groups, a website, and a community center. The Organization is a not-for-profit organization under Internal Revenue Code Section 501(c)(3) whose office is located on North High Street in Columbus, Ohio.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Methods of Accounting

The financial statements of the Organization have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues and expenses are identified with specific periods of time and are recorded as incurred, along with acquired assets, without regard to the date of receipt or the payment of cash.

Basis of Presentation

Net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Currently, the Organization has no permanently restricted net assets. However, it has temporarily restricted net assets that total \$1,808,670 at 12/31/16. These funds represent contributions received as a result of the Stonewall Builds Capital Campaign funds of \$1,786,625 and for the Banner Campaign Project of \$22,045.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Restricted revenues, whose restrictions are met in the same period, are shown as unrestricted revenue. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Revenue Recognition

Individuals may pledge support through payment of membership dues or pledges, which entitles the member to certain benefits. Because of the uncertainty of pledge collections, revenue for these items is



## NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

recognized when received unless supported by signed written pledge cards, whereas, these pledges (unconditional promises to give) are recognized when the pledge card is received.

### Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Contributions made to the Organization are tax-deductible by the donor.

### Cash

For the purposes of the financial statements, cash includes demand deposits held by banks. For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The cash balance at December 31, 2016 was \$972,680. Of this balance, \$738,236 was temporarily restricted for use on the Stonewall Builds Capital Campaign Project and \$22,045 was restricted for use on the Downtown Banner Program.

### Concentration of Credit Risk

The Organization has maintained bank deposit accounts, which, at times, may have exceeded federally insured limits. The Organization has not experienced any losses in such accounts nor are they exposed to any significant risks on cash or cash equivalents.

### 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 certain reported amounts of assets and liabilities and disclosures 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 these estimates.

### Promises to Give Receivable and Accounts Receivable

The Organization uses the specific identification method to account for uncollectible promises to give and accounts receivable. There was no allowance for uncollectible promises to give recorded for the year ended December 31, 2016.

### Advertising Costs

The Organization expenses advertising costs as they are incurred. Advertising expenses amounted to \$34,246 in 2016.

### Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Currently, the Organization has no permanently restricted net assets.

### Functional Allocations of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between program and supporting services.

#### NOTE C – PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method based on estimated useful lives of five to thirty-nine years. Maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred. Current year depreciation expense is \$26,631.

A summary of the accumulated depreciation, including methods and lives, was as follows at December 31, 2016:

<u>Classification</u>	<u>Method</u>	<u>Years</u>	<u>2016</u> <u>Accumulated</u> <u>Depreciation</u>
Building	Straight-Line	39 Years	\$184,835
Furniture and equipment	Straight-Line	5 Years	<u>59,932</u>
	Total Accumulated Depreciation		<u>\$244,767</u>

#### NOTE D – LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2016:

Commercial Mortgage Loan payable to JPMorgan Chase Bank (mortgage was refinanced with JPMorgan Chase Bank in November 2010), bearing interest at a fixed rate equal to 5.28% amortized over 25 years with a balloon payment due in 10 years.	<u>2016</u>
	\$496,839
Less – current maturities of long-term debt	<u>(14,200)</u>
Long-term debt, net of current portion	<u>\$482,839</u>

Maturities of long-term debt at December 31, 2016, are as follows:

2017	\$14,200
2018	16,454
2019	17,357
2020	<u>448,828</u>
	<u>\$496,839</u>

Mortgage interest for December 31, 2016, was \$27,198.

#### NOTE E – PARKING LOT LEASE

The Organization has an agreement with Eckl Parking, a parking management company. Eckl Parking handles the administration of the Organization's parking lot. Individuals pay to park in the lot through a drop-box collection system. The Organization receives the net proceeds each month from the parking management company. The amount of rental income totaled \$8,871 for 2016.

#### NOTE F – GRANTS

The Organization receives various grants including those from the City of Columbus to support operations as well as for capital improvements to address the immediate need for repair and improvements needed at the Stonewall Community Center property.

#### NOTE G – PROMISES TO GIVE RECEIVABLES

The Organization has recorded promises to give (unconditional) receivable at December 31, 2016 that are a result of the Stonewall Builds Capital Campaign. This promises to give receivable balance is less a discount, ranging from 1% to 5%, to give discount to net present value of estimated future cash flows. The Organization uses the specific identification method to account for uncollectible promises to give.

Amounts receivable in less than 1 year	\$390,972
Amounts receivable in 1 to 5 years	656,109
Amounts receivable in more than 5 years	<u>0</u>
Total Promises to Give Receivable	\$1,047,081
Less Discount (1%-5%)	(23,691)
Total Promises to give receivable (net of discount)	<u>\$1,023,390</u>

#### NOTE H – RELATED PARTIES

The Organization has recorded promises to give receivable at December 31, 2016 of \$1,047,081. This balance includes promises to give receivables from various Stonewall employees as well as Stonewall Board of Trustee members that total \$237,133.

#### NOTE I – LINE OF CREDIT

The Organization obtained a \$50,000 business line of credit in 2008 with JP Morgan Chase Bank collateralized by all business assets. Principal and interest are payable in monthly installments. Interest is at a variable rate per annum equal to the sum of the prime rate plus 3.00 percentage points. No funds were drawn on this line of credit in 2016.

#### NOTE J – OTHER REVENUES PRIDE MONTH AND CONTRIBUTIONS

Other Revenues – Pride Month balance of \$574,831 at December 31, 2016 includes Corporate Sponsorships revenue specifically for Pride Month of \$268,037. The Organization chooses to include this Corporate Sponsorships revenue in the Other Revenues – Pride Month balance rather than including it in the Contributions balance of \$64,513.

#### NOTE K – EVALUATION OF SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 2, 2017, the date the financials were available to be issued.