

**Richmond Gay
Community Foundation**

Financial Statements

December 31, 2009

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Independent Auditor's Report

The Board of Directors
Richmond Gay Community Foundation
Richmond, Virginia

We have audited the accompanying statement of financial position of Richmond Gay Community Foundation (the Foundation) as of December 31, 2009, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Richmond Gay Community Foundation as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Biegler & Associates, P.C.
Biegler & Associates, P.C.

April 15, 2010

Richmond Gay Community Foundation
Statement of Financial Position
December 31, 2009

ASSETS	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current Assets			
Cash and cash equivalents	\$ 63,870	\$ -	\$ 63,870
Cash - Board designated funds	210,753	-	210,753
Total cash	<u>274,623</u>	<u>-</u>	<u>274,623</u>
Thrift store inventory	78,840	-	78,840
Grants receivable	6,000	-	6,000
Total current assets	<u>359,463</u>	<u>-</u>	<u>359,463</u>
Property and Equipment			
Land	251,000	-	251,000
Land improvements	2,400	-	2,400
Building	1,672,718	-	1,672,718
Automobiles	36,200	-	36,200
Furniture and fixtures	101,594	-	101,594
Real estate under renovation	146,135	-	146,135
	<u>2,210,047</u>	<u>-</u>	<u>2,210,047</u>
Accumulated depreciation	(166,362)	-	(166,362)
Net property and equipment	<u>2,043,685</u>	<u>-</u>	<u>2,043,685</u>
Other Assets			
Prepaid expenses	2,696	-	2,696
Loan costs, net of accumulated amortization of \$2,436	12,180	-	12,180
Total other assets	<u>14,876</u>	<u>-</u>	<u>14,876</u>
	<u><u>\$ 2,418,024</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,418,024</u></u>

See Notes to Financial Statements.

LIABILITIES	Unrestricted	Temporarily Restricted	Total
Current Liabilities			
Current portion of long-term debt	\$ 39,674	\$ -	\$ 39,674
Current portion of leases payable	3,450	-	3,450
Bingo prizes payable	61,379	-	61,379
Deposits	5,500	-	5,500
Grants payable	25,900	-	25,900
Accounts payable	29,079	-	29,079
Accrued expenses	18,787	-	18,787
Total current liabilities	183,769	-	183,769
Long-Term Liabilities			
Long-term portion of debt	1,287,212	-	1,287,212
Long-term portion of leases payable	8,411	-	8,411
Total long-term liabilities	1,295,623	-	1,295,623
Total liabilities	1,479,392	-	1,479,392
Net Assets	938,632	-	938,632
	\$2,418,024	\$ -	\$2,418,024

See Notes to Financial Statements.

Richmond Gay Community Foundation
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Sales of donated merchandise	\$ 518,698	\$ -	\$ 518,698
Bingo revenue, net of expenses	320,976	-	320,976
Contributions	27,425	11,000	38,425
Change in year-end inventory valuation	78,840	-	78,840
Events revenue, net of expenses	1,959	-	1,959
Interest income	2,995	-	2,995
Other income, net of expenses	49,411	-	49,411
Net assets released from restrictions	33,500	(33,500)	-
Total revenues	<u>1,033,804</u>	<u>(22,500)</u>	<u>1,011,304</u>
Expenses			
Program services	803,440	-	803,440
Management and general	84,882	-	84,882
Fundraising	76,110	-	76,110
Total expenses	<u>964,432</u>	<u>-</u>	<u>964,432</u>
Loss on disposal of fixed assets	<u>9,829</u>	<u>-</u>	<u>9,829</u>
Change in net assets	<u>59,543</u>	<u>(22,500)</u>	<u>37,043</u>
Net Assets, beginning of year	<u>879,089</u>	<u>22,500</u>	<u>901,589</u>
Net Assets, end of year	<u><u>\$ 938,632</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 938,632</u></u>

See Notes to Financial Statements.

Richmond Gay Community Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2009

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 312,636	\$ 29,342	\$ 32,210	\$ 374,188
Payroll taxes	24,343	2,285	2,508	29,136
Employee benefits	33,715	2,964	1,750	38,429
Total salaries and related expenses	370,694	34,591	36,468	441,753
Grants and contributions	72,995	-	-	72,995
Advertising	10,453	35	-	10,488
Fundraising food and beverage	-	-	1,993	1,993
Fundraising event expenses	-	-	4,939	4,939
Copying and printing	2,701	1,929	879	5,509
Postage and shipping	533	182	276	991
Supplies	5,167	4,452	439	10,058
Insurance	29,101	2,872	2,501	34,474
Interest expense	65,916	8,200	8,200	82,316
Conferences and meetings	104	170	18	292
Taxes and licenses	22,158	2,468	2,468	27,094
Professional fees	19,881	11,572	879	32,332
Consulting fees	4,800	1,095	500	6,395
Bank charges	12,911	2,310	20	15,241
Maintenance and repair	55,312	1,823	3,647	60,782
Utilities	78,890	9,861	9,861	98,612
Vehicle	21,445	-	-	21,445
Volunteers	113	-	-	113
Depreciation and amortization	23,998	3,000	3,000	29,998
Other	6,268	322	22	6,612
Total expenses	\$ 803,440	\$ 84,882	\$ 76,110	\$ 964,432

See Notes to Financial Statements.

Richmond Gay Community Foundation
Statement of Cash Flows
For the Year Ended December 31, 2009

Cash Flows from Operating Activities	
Change in net assets	\$ 37,043
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:	
Depreciation and amortization	68,875
Loss on sale of property and equipment	9,829
(Increase) decrease in operating assets:	
Thrift store inventory	(78,840)
Grants receivable	24,500
Prepaid expenses	(1,756)
Increase (decrease) in operating liabilities:	
Bingo prizes payable	(12,485)
Deposits	5,500
Grants payable	25,900
Accounts payable	5,792
Accrued expenses	(6,285)
Net cash and cash equivalents provided by operating activities	78,073
Cash Flows from Investing Activities	
Proceeds sale of property and equipment	1,800
Purchase of property and equipment	(92,040)
Net cash and cash equivalents used by investing activities	(90,240)
Cash Flows from Financing Activities	
Capitalized loan costs	(14,616)
Proceeds on long-term debt	1,358,117
Principal payments on long-term debt	(1,385,728)
Proceeds on leases payable	12,727
Principal payments on leases payable	(866)
Net cash and cash equivalents used by financing activities	(30,366)
Decrease in cash and cash equivalents	(42,533)
Cash and Cash Equivalents, beginning of year	317,156
Cash and Cash Equivalents, end of year	\$ 274,623
Supplementary Disclosures of Cash Flow Information	
Cash paid during the year for interest	\$ 79,146
Cash paid during the year for income taxes	\$ 11,035

See Notes to Financial Statements.

Richmond Gay Community Foundation
Notes to Financial Statements
December 31, 2009

Note 1 – Purpose of the Foundation

Richmond Gay Community Foundation is a nonprofit corporation established under the laws of the Commonwealth of Virginia. It is a nonpartisan organization with the purpose of improving the lives of lesbian, gay, bisexual, and transgender people through funding and education. The Foundation raises funds through the operation of a thrift shop and bingo games at its facilities in Richmond, Virginia.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations". Under those provisions, net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions 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 can be filled by actions of the Foundation pursuant to those stipulations or that expire by the passage of time.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that the Foundation maintain them permanently. The donors of such assets permit the Foundation to use the income earned on the assets.

Inventory – The Foundation receives contributions of goods and materials (inventory) and processes these contributions as merchandise available for sale in its retail thrift store. Generally accepted accounting principles require that contributions received be recognized as revenues or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Contributions should be measured at their fair value.

The Foundation believes that the inventory of contributed goods and materials does not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine an inventory value at the time of donation. It is only through the value-added processes that prepare the donated inventory for sale that the donated inventory has value. Accordingly, contributed goods and materials inventory are valued at zero prior to being offered for sale. The difference between year-end inventory valuations is shown on the statement of activities as a change in year-end inventory valuation.

Income Taxes – The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is subject to unrelated business income taxes

Richmond Gay Community Foundation
Notes to Financial Statements
December 31, 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

on certain rental activities, including rental of space within its building. Tax liabilities arising from these activities have been accrued as of December 31, 2009.

Cash and Cash Equivalents – The Foundation considers all investments with a maturity of three months or less when purchased to be cash equivalents. The Board has designated a portion of the Foundation's cash and cash equivalents to fund building renovations. These funds are unrestricted and the designation is made solely at the discretion of the Foundation's Board.

Property and Equipment – Property and equipment is stated at cost. Depreciation is computed on the straight-line method over the useful lives of the assets. Useful lives range from 3 to 40 years. Depreciation expense for the year-ended December 31, 2009 was \$60,300. A portion of this expense is allocated to bingo revenue on the statement of activities.

Advertising Costs – Advertising costs are expensed as incurred. The total advertising cost for the year ended December 31, 2009 was \$10,488.

Estimates – Management uses estimates and assumptions in preparing financial statements. 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.

Note 3 – Long-Term Debt

Long-term debt consists of the following:

Note payable to bank, due monthly at \$9,444, including interest at 5.55%, until February 2014, at which time the unpaid balance is due in full, plus all accrued or unpaid interest. Loan is secured by a deed of trust on real estate and funds on deposit with the bank.

Current portion

\$ 1,326,886
<u>1,326,886</u>
(39,674)
<u><u>\$ 1,287,212</u></u>

Richmond Gay Community Foundation
Notes to Financial Statements
December 31, 2009

Note 3 – Long-Term Debt (Continued)

Long-term debt repayment requirements in the succeeding years are as follows:

2010	\$ 39,674
2011	41,965
2012	44,189
2013	46,940
2014	1,154,118
	<u>\$ 1,326,886</u>

Note 4- Capital Leases

The Foundation has acquired equipment under the provisions of long-term leases with original terms of three years. For financial reporting purposes, the present value of minimum lease payments relating to the equipment has been capitalized. The cost of the equipment is \$12,727 and the accumulated depreciation is \$590 at December 31, 2009.

Future minimum lease payments under these leases are as follows:

2010	\$ 5,086
2011	5,324
2012	4,096
2013	239
Total minimum lease payments	<u>14,745</u>
Less amount representing interest	<u>(2,884)</u>
Present value of minimum lease payments	<u>\$ 11,861</u>

Note 5 – Income Taxes

The Foundation is exempt from income taxes on revenues generated from its tax-exempt functions pursuant to Section 501(c)(3) of the Internal Revenue Code. The Foundation receives revenue through the rental of its real estate to other organizations. This revenue is subject to unrelated business income tax. There was no unrelated business income tax expense for 2009.

Note 6 – Contributed Services

A significant number of unpaid volunteers have made contributions of their time to aid the Foundation in its activities. The value of this contributed time is not reflected in these statements.

Richmond Gay Community Foundation
Notes to Financial Statements
December 31, 2009

Note 7 – Concentration of Credit Risk

At various times during the year, the Foundation had cash balances on deposit with banks in excess of federally insured limits.

Note 8 – Subsequent Events

Management has evaluated events occurring subsequent to the date of the financial statements and through April 15, 2010 that would require adjustment to, or disclosure in, the financial statements and has determined that there are no additional events.