

**Richmond Gay  
Community Foundation**

Financial Statements

December 31, 2010

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## Independent Auditors' 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, 2010, 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, 2010, 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.  
September 26, 2011

**Richmond Gay Community Foundation**  
**Statement of Financial Position**  
**December 31, 2010**

<b>ASSETS</b>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current Assets			
Cash and cash equivalents	\$ 48,276	\$ -	\$ 48,276
Cash - Board designated funds	190,717	-	190,717
<b>Total cash</b>	<u>238,993</u>	<u>-</u>	<u>238,993</u>
Accounts receivable	15,545	-	15,545
Thrift store inventory	95,609	-	95,609
Grants receivable	4,000	-	4,000
<b>Total current assets</b>	<u>354,147</u>	<u>-</u>	<u>354,147</u>
Property and Equipment			
Land	251,000	-	251,000
Land improvements	2,400	-	2,400
Building	1,702,427	-	1,702,427
Automobiles	29,450	-	29,450
Furniture and fixtures	118,275	-	118,275
Real estate under renovation	146,335	-	146,335
	<u>2,249,887</u>	<u>-</u>	<u>2,249,887</u>
Accumulated depreciation	(227,750)	-	(227,750)
<b>Net property and equipment</b>	<u>2,022,137</u>	<u>-</u>	<u>2,022,137</u>
Other Assets			
Prepaid expenses	3,024	-	3,024
Deposits	2,350	-	2,350
Loan costs, net of accumulated amortization of \$5,359	9,257	-	9,257
<b>Total other assets</b>	<u>14,631</u>	<u>-</u>	<u>14,631</u>
<b>Total assets</b>	<u><u>\$ 2,390,915</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,390,915</u></u>

See Notes to Financial Statements

<b>LIABILITIES</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Current Liabilities</b>			
Current portion of long-term debt	\$ 41,965	\$ -	\$ 41,965
Current portion of leases payable	4,380	-	4,380
Bingo prizes payable	69,709	-	69,709
Deposits	7,500	-	7,500
Accounts payable	66,599	-	66,599
Accrued expenses	17,281	-	17,281
<b>Total current liabilities</b>	<b>207,434</b>	<b>-</b>	<b>207,434</b>
<b>Long-Term Liabilities</b>			
Long-term portion of debt	1,245,247	-	1,245,247
Long-term portion of leases payable	3,791	-	3,791
<b>Total long-term liabilities</b>	<b>1,249,038</b>	<b>-</b>	<b>1,249,038</b>
<b>Total liabilities</b>	<b>1,456,472</b>	<b>-</b>	<b>1,456,472</b>
<b>Net Assets</b>	<b>934,443</b>	<b>-</b>	<b>934,443</b>
 <b>Total liabilities and net assets</b>	 <b>\$ 2,390,915</b>	 <b>\$ -</b>	 <b>\$ 2,390,915</b>

See Notes to Financial Statements

**Richmond Gay Community Foundation**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Sales of donated merchandise	\$ 621,238	\$ -	\$ 621,238
Bingo revenue, net of expenses	162,740	-	162,740
Contributions	21,236	18,522	39,758
Change in year-end inventory valuation	16,769	-	16,769
Events revenue, net of expenses	2,578	-	2,578
Interest income	930	-	930
Rental-Bingo	84,460	-	84,460
Rental-Billboard	25,912	-	25,912
Rental-ATM	4,847	-	4,847
Vending, net of expenses	13,519	-	13,519
Other income, net of expenses	24,567	-	24,567
Net assets released from restrictions	18,522	(18,522)	-
<b>Total revenues</b>	<u>997,318</u>	<u>-</u>	<u>997,318</u>
Expenses			
Program services	824,552	-	824,552
Management and general	103,338	-	103,338
Fundraising	71,442	-	71,442
<b>Total expenses</b>	<u>999,332</u>	<u>-</u>	<u>999,332</u>
Loss on disposal of fixed assets	<u>2,175</u>	<u>-</u>	<u>2,175</u>
Change in net assets	(4,189)	-	(4,189)
Net Assets, beginning of year	<u>938,632</u>	<u>-</u>	<u>938,632</u>
Net Assets, end of year	<u><u>\$ 934,443</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 934,443</u></u>

See Notes to Financial Statements

**Richmond Gay Community Foundation**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2010**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 384,720	\$ 48,620	\$ 42,184	\$ 475,524
Payroll taxes	30,747	3,714	2,898	37,359
Employee benefits	38,853	4,412	5,592	48,857
<b>Total salaries and related expenses</b>	454,320	56,746	50,674	561,740
Grants and contributions	51,300	-	-	51,300
Advertising	5,947	387	595	6,929
Fundraising food and beverage	-	-	282	282
Fundraising event expenses	345	-	234	579
Copying and printing	3,594	173	1,240	5,007
Postage and shipping	220	260	405	885
Supplies	8,579	1,557	654	10,790
Insurance	15,375	2,926	721	19,022
Interest expense	61,244	7,343	3,558	72,145
Conferences and meetings	110	362	225	697
Taxes and licenses	10,540	5,490	890	16,920
Professional fees	15,049	6,547	77	21,673
Consulting fees	-	-	550	550
Bank charges	17,900	457	43	18,400
Maintenance and repair	43,370	4,783	2,656	50,809
Rent	5,520	-	-	5,520
Utilities	85,525	8,680	5,589	99,794
Vehicle	17,909	4,411	49	22,369
Depreciation and amortization	22,947	3,000	3,000	28,947
Other	4,758	216	-	4,974
<b>Total expenses</b>	<u><u>\$ 824,552</u></u>	<u><u>\$ 103,338</u></u>	<u><u>\$ 71,442</u></u>	<u><u>\$ 999,332</u></u>

See Notes to Financial Statements

**Richmond Gay Community Foundation**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2010**

Cash Flows from Operating Activities	
Change in net assets	\$ (4,189)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:	
Depreciation and amortization	68,535
Loss on sale of property and equipment	2,175
(Increase) decrease in operating assets:	
Thrift store inventory	(16,769)
Accounts receivable	(15,545)
Grants receivable	2,000
Prepaid expenses	(328)
Deposits	(2,350)
Increase (decrease) in operating liabilities:	
Bingo prizes payable	8,330
Deposits	2,000
Grants payable	(25,900)
Accounts payable	37,520
Accrued expenses	(1,506)
<b>Net cash and cash equivalents provided by operating activities</b>	<u>53,973</u>
Cash Flows from Investing Activities	
Proceeds sale of property and equipment	1,051
Purchase of property and equipment	(47,290)
<b>Net cash and cash equivalents used by investing activities</b>	<u>(46,239)</u>
Cash Flows from Financing Activities	
Principal payments on long-term debt	(39,674)
Principal payments on leases payable	(3,690)
<b>Net cash and cash equivalents used by financing activities</b>	<u>(43,364)</u>
<b>Decrease in cash and cash equivalents</b>	(35,630)
Cash and Cash Equivalents, beginning of year	<u>274,623</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 238,993</u></u>
<b>Supplementary Disclosures of Cash Flow Information</b>	
Cash paid during the year for interest	<u><u>\$ 75,315</u></u>

See Notes to Financial Statements



**Richmond Gay Community Foundation**  
**Notes to Financial Statements**  
**December 31, 2010**

**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, 2010**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

on certain rental activities, including rental of space within its building. For the year ended December 31, 2010, the Foundation incurred income tax expense of \$3,594 for these activities.

***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, 2010 was \$65,612. 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, 2010 was \$6,929.

***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.		\$ 1,287,212
Current portion		<u>(41,965)</u>
		<u><u>\$ 1,245,247</u></u>

**Richmond Gay Community Foundation**  
**Notes to Financial Statements**  
**December 31, 2010**

**Note 3 – Long-Term Debt (Continued)**

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

2011	\$ 41,965
2012	44,189
2013	46,940
2014	1,154,118
	<u>\$ 1,287,212</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 \$2,408 at December 31, 2010.

Future minimum lease payments under these leases are as follows:

2011	\$ 5,324
2012	4,096
2013	239
Total minimum lease payments	<u>9,659</u>
Less amount representing interest	<u>(1,488)</u>
Present value of minimum lease payments	<u>\$ 8,171</u>

**Note 6 – Operating Lease**

The Foundation leases space for its thrift store located in the Fan district of Richmond. Rent expense for the year ended December 31, 2010 was \$5,520. Future minimum annual obligations under the non-cancellable operating lease are as follows:

2011	\$ 14,400
2012	2,400
	<u>\$ 16,800</u>

**Richmond Gay Community Foundation**  
**Notes to Financial Statements**  
**December 31, 2010**

**Note 6 – 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. For the year ended December 31, 2010, the Foundation incurred income tax expense of \$3,594 for these activities.

**Note 7 – 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.

**Note 8 – 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 9 – Subsequent Events**

Management has evaluated events occurring subsequent to the date of the financial statements and through September 26, 2011 that would require adjustment to, or disclosure in, the financial statements and has determined that there are no additional events.