

**RICHMOND GAY COMMUNITY  
FOUNDATION**

**Financial Statements**

**December 31, 2013 and 2012**

*doing business as*

**Gay Community Center of Richmond**

**Diversity Thrift**

**Diversity Bingo**

1407 Sherwood Avenue  
Richmond, Virginia 23220  
(804) 622-4646  
[www.gayrichmond.com](http://www.gayrichmond.com)

## Index

---

Independent Auditor's Report.....	1 - 2
-----------------------------------	-------

### Financial Statements

Statements of Financial Position .....	3
Statements of Activities and Changes in Net Assets.....	4
Statements of Functional Expenses .....	5 - 6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8 - 11

# Steve Walls & Associates, PLLC

11541 Nuckols Rd., Ste. A, Glen Allen, VA 23059



## **Independent Auditor's Report**

To the Board of Directors  
Richmond Gay Community Foundation  
Richmond, Virginia

We have audited the accompanying financial statements of the Richmond Gay Community Foundation (hereafter "the Organization") which are comprised of the statements of financial position as of December 31, 2013 and 2012 and the related statements of activities and changes in net assets, statements of functional expenses, and the statements of cash flows for the years then ended and the related notes to the financial statements (collectively hereafter the "financial statements").

### **Management's Responsibility for the Financial Statements**

Management of the Organization 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.

### **Independent Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, not for the purpose of expressing an opinion on the effectiveness of the Organization'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.

(continued)

**Independent Auditor's Report – continued**

**Opinion**

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Steve Miller & Associates, PLLC*

August 6, 2014



**Richmond Gay Community Foundation**

**Statements of Financial Position**

**December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 153,476	\$ 78,841
Cash and cash equivalents - Board designated	198,390	201,629
<b>Total cash and cash equivalents</b>	<b>351,866</b>	<b>280,470</b>
Certificate of deposit	75,000	-
Accounts receivable	6,223	5,626
Thrift store inventory	60,138	67,972
<b>Total current assets</b>	<b>493,227</b>	<b>354,068</b>
Property and equipment, net	1,885,182	1,861,673
Other assets	22,814	9,861
<b>Total assets</b>	<b>\$ 2,401,223</b>	<b>\$ 2,225,602</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 91,324	\$ 55,608
Bingo prizes payable	30,988	9,495
Deposits held	5,025	2,525
Current portion of long-term debt	58,866	46,940
<b>Total current liabilities</b>	<b>186,203</b>	<b>114,568</b>
Long-term liabilities		
Long-term portion of debt	1,171,892	1,154,117
<b>Total liabilities</b>	<b>1,358,095</b>	<b>1,268,685</b>
Net assets		
Unrestricted	1,037,383	950,282
Temporarily restricted	5,745	6,635
<b>Total net assets</b>	<b>1,043,128</b>	<b>956,917</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,401,223</b>	<b>\$ 2,225,602</b>

See accompanying notes to financial statements.

**Richmond Gay Community Foundation**

**Statements of Activities and Changes in Net Assets**

**Years ended December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>Revenues</b>		
Sales	\$ 775,478	\$ 712,131
Bingo revenues, net	113,214	131,690
Contributions	45,880	42,581
Events revenue	14,556	7,327
Interest income	277	241
Other income, net	18,149	643
Rental income - Billboard	50,338	39,284
Rental income - Bingo Hall	42,000	47,000
Rental income - Other	1,310	5,532
Net assets released from temporary restrictions	890	2,378
<b>Total revenues</b>	<b>1,062,092</b>	<b>988,807</b>
<b>Expenses</b>		
Program services	818,239	829,964
Management and general	101,136	102,221
Fundraising	56,506	59,513
<b>Total expenses</b>	<b>975,881</b>	<b>991,698</b>
<b>Change in net assets</b>	<b>86,211</b>	<b>(2,891)</b>
Net assets, beginning of year	956,917	959,808
<b>Net assets, end of year</b>	<b>\$ 1,043,128</b>	<b>\$ 956,917</b>

See accompanying notes to financial statements.



**Richmond Gay Community Foundation**

**Statement of Functional Expenses**

**Year ended December 31, 2013**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 385,229	\$ 52,915	\$ 25,772	\$ 463,916
Payroll taxes	29,350	4,297	2,128	35,775
Employee benefits	55,978	4,807	8,034	68,819
<b>Total salaries and related expenses</b>	<b>470,557</b>	<b>62,019</b>	<b>35,934</b>	<b>568,510</b>
Advertising	8,684	-	-	8,684
Conferences and meetings	1,903	2,111	-	4,014
Depreciation and amortization	30,938	2,246	1,524	34,708
Events	-	-	8,623	8,623
Grants and contributions	45,085	-	-	45,085
Interest	54,544	2,912	2,332	59,788
Liability insurance	10,677	562	450	11,689
Maintenance and repairs	36,818	1,965	1,574	40,357
Merchant account fees	27,720	-	392	28,112
Office	16,356	2,469	2,049	20,874
Other	4,656	2,062	458	7,176
Professional fees	12,478	20,831	-	33,309
Taxes and licenses	13,107	720	576	14,403
Utilities	60,673	3,239	2,594	66,506
Vehicle	24,043	-	-	24,043
<b>Total functional expenses</b>	<b>\$ 818,239</b>	<b>\$ 101,136</b>	<b>\$ 56,506</b>	<b>\$ 975,881</b>

See accompanying notes to financial statements.

**Richmond Gay Community Foundation**

**Statement of Functional Expenses**

**Year ended December 31, 2012**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 362,843	\$ 57,112	\$ 32,046	\$ 452,001
Payroll taxes	32,980	5,086	2,924	40,990
Employee benefits	44,003	5,345	3,949	53,297
<b>Total salaries and related expenses</b>	<b>439,826</b>	<b>67,543</b>	<b>38,919</b>	<b>546,288</b>
Advertising	6,584	-	-	6,584
Conferences and meetings	1,675	635	-	2,310
Depreciation and amortization	32,805	1,802	1,442	36,049
Events	-	-	8,217	8,217
Grants and contributions	33,900	-	-	33,900
Interest	63,163	3,471	2,776	69,410
Liability insurance	12,801	616	493	13,910
Loss on disposal of property	24,966	-	-	24,966
Maintenance and repairs	47,785	2,626	2,100	52,511
Merchant account fees	22,680	449	185	23,314
Office	11,680	412	1,052	13,144
Other	4,235	1,918	454	6,607
Professional fees	13,207	17,984	-	31,191
Rent	15,975	-	-	15,975
Taxes and licenses	16,285	895	716	17,896
Utilities	62,087	3,870	3,159	69,116
Vehicle	20,310	-	-	20,310
<b>Total functional expenses</b>	<b>\$ 829,964</b>	<b>\$ 102,221</b>	<b>\$ 59,513</b>	<b>\$ 991,698</b>

See accompanying notes to financial statements.



**Richmond Gay Community Foundation**

**Statements of Cash Flows**

**Years ended December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 86,211	\$ (2,891)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	68,268	70,239
(Gain) loss on disposal of property	(2,000)	24,966
(Increase) decrease in operating assets:		
Accounts receivable	(597)	(1,325)
Grants receivable	-	2,000
Thrift store inventory	7,834	14,864
Other assets	(17,770)	987
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	35,716	22,247
Bingo prizes payable	21,493	(5,447)
Deposits held	2,500	-
<b>Net cash provided by operating activities</b>	<u>201,655</u>	<u>125,640</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sales of property	2,000	-
Purchase of certificate of deposit	(75,000)	-
Purchases of property and equipment	(86,960)	(2,107)
<b>Net cash used by investing activities</b>	<u>(159,960)</u>	<u>(2,107)</u>
<b>Cash Flows From Financing Activities</b>		
Principal payments on capitalized leases payable	-	(3,688)
Principal payments on long-term debt	(45,299)	(44,189)
Proceeds from borrowings of long-term debt	75,000	-
<b>Net cash provided (used) by financing activities</b>	<u>29,701</u>	<u>(47,877)</u>
<b>Increase in cash and cash equivalents</b>	71,396	75,656
Cash and cash equivalents, beginning of year	<u>280,470</u>	<u>204,814</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 351,866</u></u>	<u><u>\$ 280,470</u></u>

See accompanying notes to financial statements.

## Richmond Gay Community Foundation

### Notes to Financial Statements

---

#### Note 1—Purpose of the Organization

The Richmond Gay Community Foundation (“the Organization”) is a non-profit corporation established under the laws of the Commonwealth of Virginia. The Organization is a nonpartisan organization with the purpose of improving the lives of lesbian, gay, bisexual, and transgender people. The Organization conducts its operations as the *Gay Community Center of Richmond* and raises funds through the operation of a thrift shop (doing business as *Diversity Thrift*) and bingo games (doing business as *Diversity Bingo*) at its facilities in Richmond, Virginia.

#### Note 2—Summary of Significant Accounting Policies

Financial Statement Presentation: The Organization’s financial statements follow the Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization does not maintain permanently restricted net assets. Throughout the year, the Organization receives pledges from donors for specific program purposes. Generally speaking the form and content of these pledge agreements do not meet the criteria established by ASC 958 to record these pledge agreements as receivables. Accordingly, such pledge agreements are recorded as revenues in the accompanying statements of activities upon receipt. As of December 31, 2013 the Organization had \$7,500 in outstanding pledges receivable which are due \$1,500 per year through 2018. As of December 31, 2013 and 2012, the Organization maintained \$5,745 and \$6,635, respectively, in temporarily restricted net assets to be used for program purposes and capital improvements.

Thrift Store Inventory: The Organization receives contributions of goods (inventory) and processes these contributions as merchandise available for sale in its retail thrift store. Accounting principles generally accepted in the United States of America require that contributions received be recognized as revenues in the period received and as assets or decreases of liabilities or expenses depending on the form of the benefits received. Contributions are measured at their estimated fair value.

The Organization believes that the inventory of contributed goods 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 Organization’s value-added processes that prepare the donated inventory for sale that the donated inventory derives its value. Accordingly, inventory quantities are valued at year-end and the difference between year-end inventory valuations is included in the statements of activities and changes in net assets as a change in year-end inventory valuation.

Income Taxes: As evidenced by its tax determination letter dated April 26, 2004, the Organization is exempt from Federal income tax under Sections 501(c)(3) and 509(a)(2) of the Internal Revenue Code. The Organization files Form 990, *Return of Organization Exempt from Income Taxes*, on an annual basis. The Organization is eligible for the Small Business Health Care Tax Credit as enacted by the Patient Protection and Affordable Care Act. For the years ended December 31, 2013 and 2012, the Organization’s tax credit amounted to \$2,667 and \$2,518, respectively.

## Richmond Gay Community Foundation

### Notes to Financial Statements

---

#### Note 2—Summary of Significant Accounting Policies (continued)

Income Taxes (continued): With limited exceptions, the Organization's Form 990 is open to examination by the Internal Revenue Service for its 2011 through 2013 tax years. In accordance with FASB ASC Topic 740, *Income Taxes*, management has evaluated the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that would require adjustment to or disclosure in the accompanying financial statements.

Cash and Cash Equivalents: The Organization considers all investments with an original maturity of three months or less to be cash equivalents. The Board has designated a portion of the Organization's cash and cash equivalents to fund building renovations and for operating contingencies. These funds are unrestricted and the designation is made solely at the discretion of the Organization's Board. In addition, the Organization's bingo activities are regulated by the Virginia Department of Agriculture and Consumer Services – Division of Charitable Gaming which requires that bingo proceeds be maintained in separate accounts and be sufficient to fund outstanding jackpot awards; as such, as of December 31, 2013 and 2012, \$30,988 and \$9,495 of the Organization's cash and cash equivalents were segregated for such purposes.

Property and Equipment: Property and equipment are stated at cost. Depreciation and amortization are 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 years ended December 31, 2013 and 2012 was \$63,451 and \$67,316, respectively. For financial statement purposes, depreciation totaling \$33,561 and \$34,190, respectively, have been reclassified to "bingo revenues, net" on the accompanying statements of activities and changes in net assets for the years ended December 31, 2013 and 2012.

Advertising Costs: Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2013 and 2012 were \$8,684 and \$6,584, respectively.

Concentrations of Credit Risk: At various times during the years ended December 31, 2013 and 2012, the Organization maintained cash balances on deposit with its commercial bank in excess of federally insured limits.

Reclassifications: Certain amounts as originally presented in the 2012 financial statements have been reclassified to conform to presentations adopted in 2013.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent Events: Management has evaluated events occurring subsequent to the date of the financial statements through August 6, 2014, the date which the financial statements were available for issuance, for matters that would require adjustment to, or disclosure in, the financial statements and has determined that there are no events warranting adjustment or disclosure.

## Richmond Gay Community Foundation

### Notes to Financial Statements

---

#### Note 3—Property and Equipment

The Organization's property and equipment as of December 31, 2013 and 2012 was as follows:

	2013	2012
Land	\$ 251,000	\$ 251,000
Land improvements	8,053	8,053
Building and building improvements	1,834,643	1,833,423
Building improvements in process	47,000	-
Vehicle	32,529	29,450
Furniture and fixtures	106,468	100,256
	2,279,693	2,222,182
Less: accumulated depreciation and amortization	(394,511)	(360,509)
Net property and equipment	<u>\$ 1,885,182</u>	<u>\$ 1,861,673</u>

For real estate tax purposes, the Organization qualifies for a rehabilitation credit from the City of Richmond which amounted to \$14,368 for 2013 and 2012. The rehabilitation credit was originally issued in 2009 and expires in 2019.

#### Note 4—Indebtedness

The Organization's indebtedness as of December 31, 2013 and 2012 was as follows:

	2013	2012
Mortgage loan payable to bank, due monthly at \$8,813, including interest at 4.10%, due 2018. Secured by a deed of trust on real estate and funds on deposit with the bank	\$ 1,155,758	\$ -
Mortgage loan payable to bank, due monthly at \$9,444, including interest at 5.55%, refinanced in 2013	-	1,201,057
Loan payable to bank, due monthly at \$1,383, including interest at 3.99%, due 2018. Secured by equipment and certificate of deposit held with the bank	75,000	-
Less: current portion	(58,866)	(46,940)
	<u>\$ 1,171,892</u>	<u>\$ 1,154,117</u>

For purposes of the statements of cash flows, interest payments amounted to \$59,788 and \$69,410 for the years ended December 31, 2013 and 2012 respectively.



## Richmond Gay Community Foundation

### Notes to Financial Statements

---

#### Note 4—Indebtedness - continued

Future principal payments are as follows:

<u>Years Ending December 31:</u>	<u>Amount</u>
2014	\$ 73,388
2015	76,438
2016	79,616
2017	82,924
2018	918,392
Total	<u>\$ 1,230,758</u>

Collateral for the aforementioned indebtedness includes the Organization's land, land improvements, building and building improvements (see note 3). In addition, the Organization's certificate of deposit and rental income are pledged or assigned as additional collateral. In 2013, the Organization incurred loan fees in the amount of \$14,073 which are being amortized over the original life of the loan (5 years) using the straight-line method. Previously capitalized loan fees with an unamortized balance of \$3,410 at December 31, 2012 were fully amortized in 2013. Amortization expense for these loan fees amounted to \$4,817 and \$2,923 for the years ended December 31, 2013 and 2012.

The Organization maintains a credit card to facilitate web-based purchases with a \$26,000 credit limit. As of December 31, 2013 and 2012, the available balance on the credit card was \$25,039 and \$25,634, respectively.

#### Note 5—Operating Lease

Rent expense for the Organization's thrift store in the Fan District of Richmond for the year ended December 31, 2012 was \$15,974. The Organization's lease for this space expired on September 30, 2012 and was not renewed (see note 3).

#### Note 6—Contributed Services

The Organization is the grateful recipient of significant services by unpaid volunteers who have made invaluable contributions of their time and talent to aid the Organization in its mission. Predominantly, volunteers provide services in the Organization's thrift store operation, its bingo operation or as Board or committee members. As the value of such services is not subject to accurate measurement, pursuant to ASC Topic 958-605, *Revenue Recognition*, of the Codification, the value of these contributed services is not reflected in the accompanying financial statements.