

BROOKLYN COMMUNITY PRIDE CENTER, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

Brooklyn Community Pride Center, Inc.

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Year Ended June 30, 2018

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Independent Auditor's Report

To the Board of Directors
Brooklyn Community Pride Center, Inc.
Brooklyn, New York

We have audited the accompanying financial statements of Brooklyn Community Pride Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018 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 Brooklyn Community Pride Center, Inc. as of June 30, 2018 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.

Gettry Marcus CPA, P.C.

Gettry Marcus CPA, P.C.
New York, New York
May 6, 2019

Brooklyn Community Pride Center, Inc.
Statement of Financial Position
June 30, 2018

Assets

Cash	\$ 176,032
Grants receivable	7,635
Contributions receivable	44,288
Prepaid expenses	5,292
Security deposit	25,654
Property and equipment, net	<u>78,751</u>
Total assets	<u><u>\$ 337,652</u></u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 26,468
Deferred rent obligation	<u>20,751</u>
Total liabilities	<u>47,219</u>

Net Assets

Unrestricted	160,793
Temporarily restricted	<u>129,640</u>
Total net assets	<u>290,433</u>

Total liabilities and net assets	<u><u>\$ 337,652</u></u>
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Brooklyn Community Pride Center, Inc.
Statement of Activities
Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support			
Foundation and trust grants	\$ 69,820	\$ 135,000	\$ 204,820
Contributions and sponsorships	172,320	20,000	192,320
In-kind support	75,291	-	75,291
Special event income (net of direct benefit expenses of \$47,715)	20,841	-	20,841
Government grants	91,798	20,000	111,798
Total public support	430,070	175,000	605,070
Other income	58,806	-	58,806
Total support and other revenues	488,876	175,000	663,876
Net assets released from restrictions	95,480	(95,480)	-
Total support, other revenues and reclassifications	584,356	79,520	663,876
Functional expenses			
Program services	304,451	-	304,451
Fundraising services	58,416	-	58,416
Administration services	131,126	-	131,126
Total functional expenses	493,993	-	493,993
Increase in net assets	90,363	79,520	169,883
Net assets - Beginning of year	70,430	50,120	120,550
Net assets - End of year	\$ 160,793	\$ 129,640	\$ 290,433

Brooklyn Community Pride Center, Inc.
Statement of Functional Expenses
Year Ended June 30, 2018

	<u>Program Services</u>	<u>Fundraising Services</u>	<u>Administration Services</u>	<u>Total Functional Expenses</u>
Accounting - Audit fees	\$ -	\$ -	\$ 9,231	\$ 9,231
Accounting - Bookkeeping	-	-	30,207	30,207
Accounting - In-kind	-	-	2,806	2,806
Advertising and promotion	970	1,835	-	2,805
Bank charges	-	-	224	224
Consulting and professional fees	32,335	-	750	33,085
Consulting fees - In-kind	-	33,400	-	33,400
Data and payroll processing fees	1,295	-	780	2,075
Depreciation expense	-	-	4,393	4,393
Employee benefits	9,079	631	1,323	11,033
Equipment rental	64	5,676	2,931	8,671
Filing fees	-	-	1,502	1,502
Insurance	2,696	-	636	3,332
Legal fees - In-kind	-	-	30,084	30,084
Maintenance and renovation	6,116	-	-	6,116
Meals and entertainment	317	-	472	789
Memberships and subscriptions	75	-	364	439
Payroll taxes and fringe benefit	14,130	982	2,060	17,172
Postage and messenger	-	-	333	333
Printing and photocopying	-	-	523	523
Rent	69,718	4,357	13,073	87,148
Salaries and wages	158,326	11,000	23,078	192,404
Staff and board training	1,800	-	-	1,800
Supplies	1,479	535	1,463	3,477
Travel	3,939	-	234	4,173
Utilities and telephone	1,997	-	4,659	6,656
Workers' compensation and disability	115	-	-	115
Total expenses	<u>\$ 304,451</u>	<u>\$ 58,416</u>	<u>\$ 131,126</u>	<u>\$ 493,993</u>

See notes to financial statements.

Brooklyn Community Pride Center, Inc.
Statement of Cash Flows
Year Ended June 30, 2018

Cash flows from operating activities	
Increase in net assets	\$ 169,883
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	4,393
Deferred rent increase	20,751
(Increase) decrease in operating assets:	
Grants receivable	22,780
Contributions receivable	(26,561)
Prepaid expenses and other assets	1,559
(Decrease) in operating liabilities:	
Accounts payable and accrued expenses	(10,625)
Total adjustments	<u>12,297</u>
Net cash provided by operating activities	<u>182,180</u>
Cash flows from investing activity	
Purchase of property and equipment	<u>(82,437)</u>
Cash flows from financing activities	
Borrowings under bridge loan	24,900
Repayments under bridge loan	<u>(24,900)</u>
Net cash provided by financing activities	<u>-</u>
Net increase in cash	99,743
Cash - Beginning of year	<u>76,289</u>
Cash - End of year	<u><u>\$ 176,032</u></u>

Brooklyn Community Pride Center, Inc.
Notes to Financial Statements
June 30, 2018

Note 1 - Summary of Organization and Nature of Activities

Organization and Nature of Activities

Brooklyn Community Pride Center, Inc. (the "Organization"), is a nonprofit organization established in 2008 with the goal to become Brooklyn's premier network of programs and services for the lesbian, gay, bisexual and transgender ("LGBTQ") community of New York City's largest borough.

At present, the Organization offers programs and events for the LGBTQ community including peer support service for youth, seniors, and trans persons; as well as art and cultural programming celebrating the LGBTQ community. Across the spectrum from young people to elders, the Brooklyn Community Pride Center enables the community to actively participate in positive, life-affirming activities. They offer a distinctive choice for the residents of Brooklyn to celebrate, heal, learn, create, organize, relax, socialize and play. The Organization's work expands the quantity and quality of LGBTQ services in the community and strengthens the community from the inside out.

The Organization is supported primarily through donor contributions and grants.

Note 2 - Summary of Significant Accounting Policies

Recently Issued Accounting Pronouncements

In May 2014, FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) ("ASU 2014-09"). This new standard will replace all current accounting principles generally accepted in the United States of America ("U.S. GAAP") guidance on this topic and eliminate industry-specific guidance. The topic, which was amended in August 2015 to defer the effective date to interim and annual periods beginning after December 15, 2018 (for private companies), with early application permitted only as of annual reporting periods. The Organization has not determined what impact, if any, the adoption of ASU 2014-09 will have on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) ("ASU 2016-02"). ASU 2016-02 replaced all current U.S. GAAP guidance on this topic. Under ASU 2016-02:

- A lessee would account for both finance leases and operating leases by recognizing a right-of-use asset and a lease liability on the balance sheet, with an exception for leases that commence at or near the end of the underlying asset's economic life. Finance leases will recognize amortization of the right-of-use asset separately from interest on the lease liability, and operating leases will recognize the lease expense on a straight line basis. Additionally, the ASU only allows for the capitalization of only those costs, as initial direct costs, that are incurred due to the successful execution of a lease. ASU 2016-02 is effective for private companies for fiscal years beginning after December 15, 2019.
- Although other amendments of this ASU have been issued, in July 2018, ASU 2018-11 ("ASU 2018-11"), *Leases* (Topic 842): Targeted Improvements, was issued providing certain amendments to the new lease standards. ASU 2018-11 allows an additional but optional transition method to adopt the ASU 2018-11 lease standard for comparative financial statement presentations. Under this new transition method, an entity initially applies the new lease standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings (deficit) in the year of adoption. Consequently, an entity's reporting for the comparative year presented in the financial statements in which it adopts the new lease standard, will continue to be in accordance with current U.S. GAAP (Topic 840, *Leases*) although it will not be consistently applied to both years.

Brooklyn Community Pride Center, Inc.
Notes to Financial Statements
June 30, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

The Company is evaluating the potential impact the adoption of ASU 2016-02, as amended, could have on its financial statements.

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 improves the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017 with early adoption permitted. Management has not had the opportunity to determine the impacts this ASU will have on the Organization's financial statements and related disclosures, and has elected not to early adopt the provisions of this new standard.

Method of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are reported in this class if the donor limited their use, as are promised contributions that are not yet due. The unspent appreciation of the Organization's donor-restricted endowment funds is also reported as temporarily restricted net assets.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

Permanently restricted net assets are resources whose use is limited by donor-imposed restrictions that neither expires by being used in accordance with a donor's restriction nor by the passage of time. The portion of the Organization's donor-restricted endowment funds that the Organization is committed to maintaining in perpetuity are classified in this net asset class. There were no permanently restricted net assets at June 30, 2018.

Uninsured Cash Balances

The Organization maintains cash balances at a bank in the New York metropolitan area. Cash accounts at the bank are insured by the Federal Deposit Insurance Corporation subject to certain limits. At times, cash balances may be in excess of the insured limits. The Organization has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk on its cash.

Brooklyn Community Pride Center, Inc.
Notes to Financial Statements
June 30, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Property and Equipment and Depreciation Methods

Major property and equipment additions are recorded at cost if purchased, or, if in the case of donated property, at the fair value at the date of the gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the respective assets. The estimated life of the equipment is 3 years. Leasehold improvements are being depreciated over 15 years.

Fair Value Measurements

The Organization's financial instruments include cash, grants receivable, contributions receivable, and accounts payable. The recorded values of cash, grants receivable, contributions receivable and accounts payable approximates their fair values due to their short-term duration.

Tax-Exempt Status

The Organization is a non-profit organization exempt from federal and state income taxes under IRS Code Section 501(c) (3).

Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service.

Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2018, no uncertain positions were taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress.

Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances and are all due within one year. 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 accounts. 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 contributions receivable. In the opinion of management, no allowance was necessary at June 30, 2018. The Organization does not charge interest on its receivables.

Deferred Rent

The Organization has entered into an operating lease agreement which contains provisions for future rent increases. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is credited or charged to "Deferred rent obligation", which is included in liabilities in the accompanying balance sheet.

Brooklyn Community Pride Center, Inc.
Notes to Financial Statements
June 30, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Government Grants

The Organization is the recipient of various grants from government agencies. Expenses charged to these grants are subject to audit by the government agencies. No provision for any potential liability for the current or prior years has been reflected in these financial statements.

In-Kind Contributions

During the year ended June 30, 2018, the value of in-kind contributions meeting the requirements for recognition in the financial statements was \$75,291, which was included in support on the statement of activities. In-kind contributions for the year ended June 30, 2018 were for accounting, consulting, legal services and leasehold improvements.

Expense Allocations

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited, using appropriate measurement methodologies.

Use of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Estimates are based on past experience and other assumptions that management believes are reasonable under the circumstances, and management evaluates these estimates on an ongoing basis. The significant estimates of the Organization include no allowance for uncollectible receivables and expense allocations.

Advertising

Advertising costs are expensed as incurred. Advertising expenses amounted to \$2,805 for the year ended June 30, 2018.

Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through May 6, 2019, the date the financial statements were available to be issued.

Note 3 - Grants Receivable

Government grant income amounted to \$111,798 for the year ended June 30, 2018. The amount was awarded by the NYC Department of Cultural Affairs, NYC Department for the Aging and NYC Department of Youth & Community Development. Grants receivable at June 30, 2018 was \$7,635. In the opinion of management, no allowance for doubtful accounts is necessary at June 30, 2018.

Brooklyn Community Pride Center, Inc.
Notes to Financial Statements
June 30, 2018

Note 4 - Property and Equipment

Property and equipment consisted of the following at June 30, 2018:

Office equipment	\$ 5,160
Leasehold improvements	81,138
Less: accumulated depreciation	<u>(7,547)</u>
	<u>\$ 78,751</u>

Depreciation expense for the year ended June 30, 2018 amounted to \$4,393.

Note 5 - Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2018 were restricted for the following purposes:

Wheelchair ramp construction	\$ 20,000
Pride path internship program	<u>109,640</u>
	<u>\$ 129,640</u>

Net assets released from restrictions for the year ended June 30, 2018 were for the following:

Restoration Plaza Construction	\$ 20,000
Time restrictions	30,120
Board development and planning	10,000
New Americans Project	25,000
Pride path internship program	<u>10,360</u>
	<u>\$ 95,480</u>

Note 6 - Commitments

During the year ended June 30, 2017, the Organization entered into an agreement to lease office space under a non-cancelable lease that began July 2017 and expires in July 2022. The total minimum annual lease payments, exclusive of escalations for taxes and other operating expenses are as follows:

<u>Years Ending June 30,</u>	
2019	\$ 80,654
2020	83,074
2021	85,566
2022	88,133
Thereafter	<u>3,677</u>
	<u>\$ 341,104</u>

Brooklyn Community Pride Center, Inc.
Notes to Financial Statements
June 30, 2018

Note 7 - Risks and Uncertainties

The Organization is dependent upon contributions from the public for its revenue. The ability of the Organization to continue to elicit this level of contribution is dependent upon current and future economic conditions as well as income tax efficiencies.