THE LGBTQ COMMUNITY
CENTER OF THE DESERT
PALM SPRINGS, CALIFORNIA

INDEPENDENT AUDITOR’S REPORT AND
FINANCIAL STATEMENTS

JUNE 30, 2024

WITH SUMMARIZED COMARATIVE TOTALS FOR JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The LGBTQ Community Center of the Desert
Palm Springs, California

Opinion
We have audited the accompanying financial statements of The LGBTQ Community Center of the Desert (the Center), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The LGBTQ Community Center of the Desert as of June 30, 2024, 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.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The LGBTQ Community Center of the Desert and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The LGBTQ Community Center of the Desert's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 LGBTQ Community Center of the Desert's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The LGBTQ Community Center of the Desert's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the financial statements of The LGBTQ Community Center of the Desert for the year ended June 30, 2023, in our report dated November 13, 2023, we expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Coachella Valley
Accounting & Auditing

La Quinta, CA
September 16, 2024

THE LGBTQ COMMUNITY CENTER OF THE DESERT

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2023

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Totals 2024	Totals 2023 (Memorandum Only)
CURRENT ASSETS				
Cash	$ 222,587	$ -	$ 222,587	$ 389,748
Investments	1,479,008	235,634	1,714,642	1,811,456
Receivables	54,986	125,714	180,700	225,708
Employee retention credit receivable	237,532	-	237,532	237,532
Prepaid expenses and other assets	40,338	-	40,338	75,535
Total current assets	2,034,451	361,348	2,395,799	2,739,979
PROPERTY AND EQUIPMENT				
Furniture and equipment	300,571	-	300,571	300,571
Leasehold improvements	2,804,665	-	2,804,665	2,804,665
Vehicles	73,605	-	73,605	73,605
	3,178,841	-	3,178,841	3,178,841
Less accumulated depreciation	(2,294,932)	-	(2,294,932)	(1,895,032)
	883,909	-	883,909	1,283,809
Land	1,106,074	-	1,106,074	-
Construction in progress	3,500	-	3,500	-
Total property and equipment	1,993,483	-	1,993,483	1,283,809
PROPERTY AND EQUIPMENT				
Right of use assets	9,885	-	9,885	-
Total other assets	9,885	-	9,885	-
TOTAL ASSETS	$ 4,037,819	$ 361,348	$ 4,399,167	$ 4,023,788

LIABILITIES AND NET ASSETS

	Without Donor Restrictions	With Donor Restrictions	Totals 2024	Totals 2023 (Memorandum Only)
CURRENT LIABILITIES				
Accounts payable and accrued expenses	$ 2,184	$ -	$ 2,184	$ 41,311
Accrued payroll and vacation	139,513	-	139,513	92,771
Deferred revenue	2,500		2,500	-
Right of use liabilities, current portion	4,838	-	4,838	-
Total current liabilities	149,035	-	149,035	134,083
LONG-TERM LIABILITIES				
Right of use liabilities, net of current portion	5,047	-	5,047	-
TOTAL LIABILITIES	154,082	-	154,082	134,083
NET ASSETS				
Without donor restrictions	2,012,422	-	2,012,422	1,675,636
Without donor restrictions - board designated	1,871,315	-	1,871,315	2,078,038
With donor restrictions	-	361,348	361,348	136,031
Total net assets	3,883,737	361,348	4,245,085	3,889,705
TOTAL LIABILITIES AND NET ASSETS	$ 4,037,819	$ 361,348	$ 4,399,167	$ 4,023,788

(The accompanying notes are an integral part of these financial statements)

THE LGBTQ COMMUNITY CENTER OF THE DESERT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals 2024	Totals 2023 (Memorandum Only)
SUPPORT AND REVENUES				
Contributions	$ 1,988,590	$ 290,000	$ 2,278,590	$ 1,037,142
Grants	252,069	-	252,069	535,517
Memberships	19,863	-	19,863	32,465
Program income	235,185	-	235,185	214,368
Special events	1,329,933	-	1,329,933	1,139,108
Employee retention credit refund	-	-	-	237,532
Other income	97,246	-	97,246	44,746
Net assets released from restrictions	64,683	(64,683)	-	-
TOTAL SUPPORT AND REVENUE	3,987,569	225,317	4,212,886	3,240,878
EXPENSES				
Program services	2,739,571	-	2,739,571	2,653,950
General and administrative	425,438	-	425,438	419,424
Fundraising expense	692,497	-	692,497	706,250
TOTAL EXPENSES	3,857,506	-	3,857,506	3,779,624
INCREASE (DECREASE) IN NET ASSETS	130,063	225,317	355,380	(538,746)
NET ASSETS, BEGINNING OF YEAR	3,753,674	136,031	3,889,705	4,428,451
NET ASSETS, END OF YEAR	$ 3,883,737	$ 361,348	$ 4,245,085	$ 3,889,705

(The accompanying notes are an integral part of these financial statements)

THE LGBTQ COMMUNITY CENTER OF THE DESERT

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

	2024				2023
	Program Services	General and Administrative	Fundraising	Totals	(Memorandum Only)
Accounting	$ -	$ 11,700	$ -	$ 11,700	$ 11,100
Communications	61,532	15,380	-	76,912	91,500
Depreciation	359,911	39,989	-	399,900	404,087
Equipment and maintenance	65,455	16,365	-	81,820	75,057
Event expense	-	-	635,839	635,839	653,959
Insurance	107,657	11,961	-	119,618	107,621
Miscellaneous	18,474	4,619	-	23,093	21,337
Office expense	81,364	20,341	-	101,705	72,700
Payroll taxes	120,060	16,950	4,237	141,247	131,483
Postage and printing	1,007	252	-	1,259	2,628
Professional services	142,508	35,627	-	178,135	269,883
Rent	168,978	18,775	-	187,753	179,994
Retirement plan	25,103	3,544	886	29,533	15,020
Salaries	1,460,145	206,138	51,535	1,717,818	1,596,556
Supplies	44,524	11,130	-	55,654	60,047
Telephone	24,922	6,230	-	31,152	26,965
Utilities	57,931	6,437	-	64,368	59,687
TOTAL FUNCTIONAL EXPENSES	$ 2,739,571	$ 425,438	$ 692,497	$ 3,857,506	$ 3,779,624

(The accompanying notes are an integral part of these financial statements)

THE LGBTQ COMMUNITY CENTER OF THE DESERT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

	2024	2023 (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 355,380	$ (538,746)
Adjustment to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	399,900	404,087
Investment donations	-	(35,956)
Unrealized (gain) on investment	(192)	(544)
(Increase) decrease in operating assets:		
Receivables	45,008	(439,142)
Prepaid expense and other assets	35,197	(13,457)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(39,127)	38,156
Accrued payroll and vacation	46,742	(24,487)
Deferred revenue	4,838	(80,000)
Net cash provided (used) by operating activities	847,746	(690,089)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,109,574)	(37,841)
Investment purchases	(99,909)	(789,379)
Investment sales	194,575	36,167
Net cash used by investing activities	(1,014,908)	(791,053)
NET (DECREASE) IN CASH	(167,162)	(1,481,142)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	389,748	1,870,890
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 222,586	$ 389,748
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Unrestricted	$ 222,587	$ 285,860
Restricted	-	103,888
	$ 222,587	$ 389,748

(The accompanying notes are an integral part of these financial statements)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The LGBTQ Community Center of the Desert (the Center) is a California non-profit public benefit corporation, was formed on September 22, 2000 for the purpose of providing outreach services to the lesbian, gay, bisexual, transgender and queer (LGBTQ) community in the Coachella Valley. The Center provides social and recreational opportunities as well as referral services and programs to assist members of the LGBTQ community in maintaining independence and self-sufficiency. The LGBTQ Community Center of the Desert revenues come primarily from grants and donations from individuals and foundations.

Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Center. The Center's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets without donor restrictions – Board Designated

These funds represent all resources over which the Board of Directors has discretionary control for use in operating the Center. The Board of Directors designated funds were $1,871,315 and $2,078,038 at June 30, 2024 and 2023, respectively.

Net assets with donor restrictions

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time. When a restriction expires, donor restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. (See note 5)

Cash Equivalents

For purposes of the statement of cash flows, the Center considers all highly liquid debt Instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting its use to long-term purposes are not considered cash and cash equivalents for purposes of the statement of cash flows.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are stated at fair market value. Realized and unrealized gains and losses on investments are recognized as changes in net assets in the periods in which they occur.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level.

Level 1 inputs – quoted prices in active markets for identical assets
Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets
Level 3 inputs – estimates using the best information available when there is little or no market

Property and Equipment

The Center capitalizes assets with an expected useful life in excess of one year and value in excess of $5,000 including additions improvements, and other capital outlays that significantly extend the useful life of an asset. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Furniture and equipment are depreciated over their useful lives of five years. Leasehold improvements are depreciated over five years, which is the term of the office lease agreement.

Deferred Revenue

Income from ticket sales and sponsorships of special events is deferred and recognized the period in which the event occurs.

Donated Services

A number of volunteers have donated approximately 6,700 and 2,726 hours in the Center's program service and fundraising campaigns during the years ended June 30, 2024 and 2023, respectively. These donated services are not reflected in the financial statements as no objective basis is available to measure the value. Directors and officers also make substantial contributions of time and expertise.

Revenue Recognition

Revenues that are treated as exchange transactions are recognized consistent with the guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers. ASC 606 stipulates that revenue should be recognized consistent with the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Center uses advertising to promote its programs to the community it serves. The production costs are expensed the first time the advertising takes place. For the year ended June 30, 2024 and 2023, advertising costs were $2,086 and $1,693, respectively.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of management estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Center. Further descriptions are as follows:

Health & Wellness Programs

The Center offers many ongoing health and wellness programs for the LGBTQ community in the Coachella Valley. These programs include health screenings, counseling and discussions on personal health.

Education & Social Programs

The Center offers ongoing educational and social programs for the LGBTQ community in the Coachella Valley.

Membership Development

Encompasses the identification, cultivation, and expansion of the Center's membership as a primary effort to promote community awareness and interaction.

General and Administrative

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Center's program strategy; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Center; and manage the financial and budgetary responsibilities of the Center.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

Income Taxes

The Center is a not-for-profit organization that is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), and from California franchise taxes under related state tax regulations and classified by the Internal Revenue Service as other than a private foundation. The Center may be subject to tax on income from any unrelated business operations. The Center does not currently have any unrelated business operations. The federal and State income tax returns are subject to examination over three and four years, respectively.

2. CONCENTRATION OF CREDIT RISK

The Center maintains the cash accounts at commercial banks. The accounts maintained at commercial banks are fully guaranteed by the FDIC up to $250,000. Given the size and activity of the Center, account balances throughout the year may exceed the FDIC insured balances. The Center has not experienced any losses in such accounts and believes there is no significant credit risk relating to cash.

3. INVESTMENTS

The fair value of the Center's investments is measured on a recurring basis based on quoted prices in active markets for identical assets (Level 1 inputs). Investments consist of the following at June 30:

	2024		
	Market Value	Cost	Unrealized Loss
Mutual Funds	$ 1,714,642	$ 1,714,909	$ (267)

	2023		
	Market Value	Cost	Unrealized Loss
Mutual Funds	$ 1,811,456	$ 1,811,947	$ (491)

4. RETIREMENT PLAN

The Center has a defined contribution 401(k) plan covering all eligible employees. The Center has the discretion to match any employee contributions and make a profit-sharing contribution. The Center made a 3% match of $29,533 and $15,020 on employees' contributions during the year ended June 30, 2024 and 2023, respectively.

5. NET ASSETS – WITH DONOR RESTRICTIONS

Donor restricted net assets consists of the following purposes as of June 30:

	2024	2023
Building Fund	$ 210,634	$ 103,888
Community Justice	25,714	32,143
LGBTQ Survey	25,000	-
East Valley Initiative	100,000	-
Total	$ 361,348	$ 136,031

6. OPERATING LEASES

The Center has three operating leases with initial terms in excess of one year. The Center currently leases their office space in Palm Springs through December 2024 with one five-year option available. The monthly rent is currently $12,517 with annual increases ending with $14,082 in the last year of the lease. They also lease office space in Coachella through June 2023 at $334 per month. The Center also leases its copier through April 2026 at $235 per month.

Future minimum lease payments under these operating leases are as follows:

Year Ended June 30,	Total
2025	$ 87,312
2026	2,350
	$ 89,662

Right of Use - Operating Leases

Effective July 2023, the Center entered into a new operating lease agreement for office space in Coachella. This lease has a 36-month term with a monthly payment of $429. At the conclusion of the initial lease term the Center may extend the lease annually at a rate of $429 unless renegotiated between the Center and the lessor.

Minimum lease obligations, discounted at an incremental borrowing rate of 4.25%, under this non-cancelable operating lease, which expire in 2024 through 2026, are as follows:

Year Ended June 30,	Total
2025	$ 4,838
2026	5,047
	$ 9,885

7. EMPLOYEE RETENTION CREDIT

Due to the economic condition many companies face during this crisis, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, was signed into law allowing for a refundable tax credit called the Employee Retention Credit (ERC). The purpose of the credit is to encourage businesses to keep employees on their payroll. In 2020, the credit applied to qualified wages paid after March 12, 2020 and before January 1, 2021. The maximum credit allowed was $5,000 on qualifying wages for each employee.

In January 2021, the ERC was extended into 2021, increased to $7,000 on qualifying wages for each employee for each of the first two quarters of 2021, and allowed for recipients of PPP funding to retroactively claim these credits for all periods where wage expenses were not covered by PPP funds. As of June 30, 2023 the Organization applied for and recognized income of $237,532 in ERC refunds. For the year ended June 30, 2024 and 2023, ERC receivables were $237,532.

8. LIQUIDITY

The Center's financial assets available within one year of the Statement of Financial Position date for general expenditure are as follows:

Cash	$	80,280
Employee retention credit receivable	$	237,532
Receivables		54,986
	$	372,798

The Center is committed to investing liquid assets conservatively. Additionally, the Board of Directors has a designated reserve which may be drawn on in the event of an unanticipated liquidity need. As of June 30, 2024, $250,000 was transferred to operations for use in 2024/2025. Income from donor-restricted sources is restricted for specific purposes and therefore, is not available for general expenditure

9. SUBSEQUENT EVENTS

The Center evaluated all potential subsequent events as of September 16, 2024 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after June 30, 2024 or as of September 16, 2024 that require disclosure to the financial statements.