

THE LGBTQ COMMUNITY
CENTER OF THE DESERT
PALM SPRINGS, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS

JUNE 30, 2025

WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2024



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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, 2025, 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, 2025, 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, 2024, in our report dated September 16, 2024, we expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Coachella Valley
Accounting & Auditing*

La Quinta, CA
November 17, 2025

THE LGBTQ COMMUNITY CENTER OF THE DESERT

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2024

	<u>ASSETS</u>		Totals	
	Without Donor Restrictions	With Donor Restrictions	2025	2024 (Memorandum Only)
CURRENT ASSETS				
Cash	\$ 247,186	\$ 58,571	\$ 305,757	\$ 222,587
Investments	1,703,072	-	1,703,072	1,714,642
Receivables	307,500	-	307,500	180,700
Employee retention credit receivable	-	-	-	237,532
Prepaid expenses and other assets	79,387	-	79,387	40,338
Total current assets	<u>2,337,145</u>	<u>58,571</u>	<u>2,395,716</u>	<u>2,395,799</u>
PROPERTY AND EQUIPMENT				
Furniture and equipment	368,476	-	368,476	300,571
Leasehold improvements	3,157,339	-	3,157,339	2,804,665
Vehicles	73,605	-	73,605	73,605
	3,599,420	-	3,599,420	3,178,841
Less accumulated depreciation	<u>(2,722,601)</u>	<u>-</u>	<u>(2,722,601)</u>	<u>(2,294,932)</u>
	876,819	-	876,819	883,909
Land	1,106,074	-	1,106,074	1,106,074
Construction in progress	-	-	-	3,500
Total property and equipment, net	<u>1,982,893</u>	<u>-</u>	<u>1,982,893</u>	<u>1,993,483</u>
OTHER ASSETS				
Right of use assets	744,445	-	744,445	9,885
Total other assets	<u>744,445</u>	<u>-</u>	<u>744,445</u>	<u>9,885</u>
TOTAL ASSETS	<u>\$ 5,064,483</u>	<u>\$ 58,571</u>	<u>\$ 5,123,054</u>	<u>\$ 4,399,167</u>
	<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 3,505	\$ -	\$ 3,505	\$ 2,184
Accrued payroll and vacation	234,519	-	234,519	139,512
Deferred revenue	140,344	-	140,344	2,500
Right of use liabilities, current portion	189,259	-	189,259	4,838
Total current liabilities	<u>567,627</u>	<u>-</u>	<u>567,627</u>	<u>149,035</u>
LONG-TERM LIABILITIES				
Right of use liabilities, net of current portion	579,069	-	579,069	5,047
Total long-term liabilities	<u>579,069</u>	<u>-</u>	<u>579,069</u>	<u>5,047</u>
TOTAL LIABILITIES	<u>1,146,696</u>	<u>-</u>	<u>1,146,696</u>	<u>154,082</u>
NET ASSETS				
Without donor restrictions	2,274,986	-	2,274,986	2,012,422
Without donor restrictions - board designated	1,642,801	-	1,642,801	1,871,315
With donor restrictions	<u>-</u>	<u>58,571</u>	<u>58,571</u>	<u>361,348</u>
Total net assets	<u>3,917,787</u>	<u>58,571</u>	<u>3,976,358</u>	<u>4,245,085</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,064,483</u>	<u>\$ 58,571</u>	<u>\$ 5,123,054</u>	<u>\$ 4,399,167</u>

(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, 2025

WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024

			Totals	
	Without Donor Restrictions	With Donor Restrictions	2025	2024 (Memorandum Only) <i>Restated</i>
SUPPORT AND REVENUES				
Contributions	\$ 1,804,099	\$ -	\$ 1,804,099	\$ 2,278,590
Grants	405,919	-	405,919	252,069
Memberships	20,330	-	20,330	19,863
Program income	214,412	-	214,412	235,185
Special events	1,693,948	-	1,693,948	1,329,933
In-kind contributions	941,451	-	941,451	707,946
Other income	164,473	-	164,473	97,246
Net assets released from restrictions	<u>302,777</u>	<u>(302,777)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>5,547,409</u>	<u>(302,777)</u>	<u>5,244,632</u>	<u>4,920,832</u>
EXPENSES				
Program services	4,121,629	-	4,121,629	3,447,517
General and administrative	507,888	-	507,888	425,438
Fundraising expense	<u>883,842</u>	<u>-</u>	<u>883,842</u>	<u>692,497</u>
TOTAL EXPENSES	<u>5,513,359</u>	<u>-</u>	<u>5,513,359</u>	<u>4,565,452</u>
CHANGE IN NET ASSETS	<u>34,050</u>	<u>(302,777)</u>	<u>(268,727)</u>	<u>355,380</u>
NET ASSETS, BEGINNING OF YEAR	<u>3,883,737</u>	<u>361,348</u>	<u>4,245,085</u>	<u>3,889,705</u>
NET ASSETS, END OF YEAR	<u>\$ 3,917,787</u>	<u>\$ 58,571</u>	<u>\$ 3,976,358</u>	<u>\$ 4,245,085</u>

(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, 2025

WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024

	2025				2024
	Program Services	General and Administrative	Fundraising	Totals	(Memorandum Only) <i>Restated</i>
Accounting	\$ -	\$ 14,400	\$ -	\$ 14,400	\$ 11,700
Communications	64,047	16,009	-	80,056	76,912
Depreciation	384,903	42,766	-	427,669	399,900
Food	854,604	-	-	854,604	707,946
Equipment and maintenance	106,244	26,563	-	132,807	81,820
Event expense	-	-	812,980	812,980	635,839
Insurance	142,935	15,881	-	158,816	119,618
Miscellaneous	25,262	6,316	-	31,578	23,093
Office expense	91,458	22,865	-	114,323	101,705
Payroll taxes	135,047	19,065	4,766	158,878	141,247
Postage and printing	1,172	293	-	1,465	1,259
Professional services	115,114	28,779	-	143,893	178,135
Rent	168,457	18,717	-	187,174	187,753
Retirement plan	36,603	5,167	1,292	43,062	29,533
Salaries	1,836,102	259,215	64,804	2,160,121	1,717,818
Supplies	66,031	16,506	-	82,537	55,654
Telephone	35,571	8,893	-	44,464	31,152
Utilities	58,079	6,453	-	64,532	64,368
TOTAL FUNCTIONAL EXPENSES	\$ 4,121,629	\$ 507,888	\$ 883,842	\$ 5,513,359	\$ 4,565,452

(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, 2025

WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024

	<u>2025</u>	<u>2024</u> (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (268,727)	\$ 355,380
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	427,669	399,900
Unrealized (gain) on investment	(197)	(192)
(Increase) decrease in operating assets:		
Receivables	110,732	45,008
Prepaid expense and other assets	(39,049)	35,197
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	1,321	(39,127)
Accrued payroll and vacation	95,007	46,742
Deferred revenue	137,844	4,838
Net cash provided by operating activities	<u>464,600</u>	<u>847,746</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(417,079)	(1,109,574)
Investment purchases	(413,235)	(99,909)
Investment sales	448,885	194,575
Net cash used by investing activities	<u>(381,429)</u>	<u>(1,014,908)</u>
NET INCREASE (DECREASE) IN CASH	<u>83,171</u>	<u>(167,162)</u>
CASH AT BEGINNING OF YEAR	<u>222,586</u>	<u>389,748</u>
CASH AT END OF YEAR	<u>\$ 305,757</u>	<u>\$ 222,586</u>
CASH CONSISTS OF:		
Cash - without donor restriction	\$ 247,186	\$ 222,587
Cash - with donor restriction	58,571	-
	<u>\$ 305,757</u>	<u>\$ 222,587</u>

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

THE LGBTQ COMMUNITY CENTER OF THE DESERT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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 \$1,642,801 and \$1,871,315 at June 30, 2025 and 2024, 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.

THE LGBTQ COMMUNITY CENTER OF THE DESERT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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 9,976 and 6,700 hours in the Center's program service and fundraising campaigns during the years ended June 30, 2025 and 2024, 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.

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, 2025 and 2024, advertising costs were \$3,158 and \$2,086, respectively.

THE LGBTQ COMMUNITY CENTER OF THE DESERT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Effective January 2022, the Financial Accounting Standards Board's (FASB) Accounting Standards Updated ("ASU") 2016-02, Leases (Topic 842), requires a lessee to recognize a lease asset and related lease liability on the statement of financial position. The Organization adopted Topic 842 as of January 1, 2022, using the effective date method and recognized and measured leases effective during the year ending June 30, 2023. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard which, among other things, allowed the Organization to carry forward the historical classification, not reassess whether any expired or existing contracts contain leases and not reassess initial direct costs on existing leases. All new lease agreements entered into after June 30, 2023, follow this updated standard.

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.

THE LGBTQ COMMUNITY CENTER OF THE DESERT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Memorandum Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the prior year, from which the summarized information was derived.

Prior Year Restatement

Total support and revenue and total expenses have been restated as of June 30, 2024 to include food donations provided to the food bank totaling \$707,946. The result of this restatement has no impact on net assets for the year ended June 30, 2024.

2. CONCENTRATION OF CREDIT RISK

The Center maintains the cash accounts at a commercial bank which at June 30, 2025 and periodically throughout the year, were in excess of federally insured limits of \$250,000. Balances in excess of this limit as of June 30, 2025 were \$55,682. As of June 30, 2024 cash balances were fully insured.

The Center also maintains an investment account. The accounts contain cash and investments and sometimes exceed the amount guaranteed by the Securities Investor Protection Corporation (SIPC), which is \$500,000 for securities and cash (including a limit of \$250,000 for cash only). Accounts held in the same capacity are combined for purposes of the SIPC protection limits. The investment companies maintain insurance to guarantee the Organization's balances in excess of the amounts on deposit or invested. Balances in excess of this limit as of June 30, 2025 and 2024 were \$1,453,072 and \$1,464,643, respectively.

The Center has not experienced any losses in such accounts and believes there is no significant credit risk relating to cash.

3. 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 \$43,062 and \$29,533 on employees' contributions during the year ended June 30, 2025 and 2024, respectively.

THE LGBTQ COMMUNITY CENTER OF THE DESERT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

4. 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:

	<u>2025</u>		
	<u>Market Value</u>	<u>Cost</u>	<u>Unrealized Loss</u>
Mutual Funds	<u>\$ 1,703,072</u>	<u>\$ 1,713,087</u>	<u>\$ (15)</u>

	<u>2024</u>		
	<u>Market Value</u>	<u>Cost</u>	<u>Unrealized Loss</u>
Mutual Funds	<u>\$ 1,714,642</u>	<u>\$ 1,714,909</u>	<u>\$ (267)</u>

5. NET ASSETS – WITH DONOR RESTRICTIONS

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

	<u>2025</u>	<u>2024</u>
Building Fund	\$ -	\$ 210,634
Community Justice	8,571	25,714
LGBTQ Survey	-	25,000
East Valley Initiative	50,000	100,000
Total	<u>\$ 58,571</u>	<u>\$ 361,348</u>

6. IN-KIND CONTRIBUTIONS

The Center has received various noncash gifts, such as food and auction items, that were used for purposes of operating and program activities. These contributions are value at the estimated fair value provided by the donor or the net realizable value of donations used for retail operations. Contributed services and gifts in-kind are as follows for the years ending June 30;

	<u>2025</u>	<u>2024</u>
Food	\$ 854,604	\$ 707,946
Auction items	84,347	-
Event services	2,500	-
Total	<u>\$ 941,451</u>	<u>\$ 707,946</u>

THE LGBTQ COMMUNITY CENTER OF THE DESERT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

7. LEASES

The Center has two 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. The Center also leases its copier through April 2026 at \$235 per month. Future minimum lease payments under the remaining operating lease is \$2,350 for the year ending June 30, 2026.

Right of Use - Operating Leases

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

In August 2024, the Center entered into a new operating lease agreement for a food bank in Palm Springs. This lease has a 24-month term with a rental abatement until October 2025 at which time monthly payments of \$1,500 will commence.

In January 2025, the Center entered into a new 60-month operating lease agreement for their Palm Springs offices. The monthly single cost expense under this agreement is \$15,125.

As of June 30, 2025, and 2024 the related right of use asset and liability, discounted at net present value was \$744,445 and \$768,328, and \$9,885 and \$9,885, respectively.

The following summarizes annual base rent payment commitment as of June 30, 2025 under the terms of this lease:

Year Ended June 30,	Total
2026	\$ 189,259
2027	181,370
2028	184,629
2029	190,887
2030	97,008
	<u>\$ 843,153</u>

8. 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.

THE LGBTQ COMMUNITY CENTER OF THE DESERT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

8. EMPLOYEE RETENTION CREDIT (Continued)

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, ERC receivables were \$237,532 and were received in full during the year ended June 30, 2025.

9. LIQUIDITY

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

Cash	\$ 247,186
Investments	60,271
Receivables	<u>307,500</u>
	<u>\$ 614,957</u>

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.

10. SUBSEQUENT EVENTS

The Center evaluated all potential subsequent events as of November 17, 2025 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after June 30, 2025 or as of November 17, 2025 that require disclosure to the financial statements.