

LGBT CHARITIES, INC.
FINANCIAL STATEMENTS
YEARS ENDED APRIL 30, 2017 AND 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
LGBT Charities, Inc.
Salem, MA

We have audited the accompanying financial statements of LGBT Charities, Inc. (a non-profit organization), which comprise the statements of financial position as of April 30, 2017 and 2016 and the related statements of activities and cash flows for the years then ended, and 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 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 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 LGBT Charities, Inc. as of April 30, 2017 and 2016, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material aspects in relation to the financial statements as a whole.

Betz, Goldman, Clearfield, Kramer & Ocampo, LLP
Columbia, MD
December 9, 2017

LGBT CHARITIES, INC.
STATEMENTS OF FINANCIAL POSITION
APRIL 30, 2017 AND 2016

| | <u>2017</u> | <u>2016</u> |
|---|------------------|------------------|
| ASSETS | | |
| Cash | \$ 38,145 | \$ 18,461 |
| Accounts Receivable | 499 | - |
| Pledges Receivable | 11,001 | 2,724 |
| Program Service Fees Receivable | 3,363 | 380 |
| Prepaid Expenses | <u>124</u> | <u>124</u> |
| TOTAL ASSETS | <u>\$ 53,132</u> | <u>\$ 21,689</u> |
| LIABILITIES | | |
| Accounts Payable | \$ 4,525 | \$ 200 |
| Grants Payable | <u>36,229</u> | <u>7,694</u> |
| TOTAL LIABILITIES | <u>40,754</u> | <u>7,894</u> |
| TOTAL NET ASSETS | | |
| Unrestricted | <u>12,378</u> | <u>13,795</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 53,132</u> | <u>\$ 21,689</u> |

The accompanying notes are an integral part of the financial statements.

**LGBT CHARITIES, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED APRIL 30, 2017 AND 2016**

| | <u>2017</u> | <u>2016</u> |
|---|------------------|------------------|
| CHANGES IN UNRESTRICTED NET ASSETS | | |
| UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT | | |
| Contributions | \$ 41,638 | \$ 47,680 |
| Program Service Fees | <u>9,763</u> | <u>2,143</u> |
| TOTAL UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT | <u>51,401</u> | <u>49,823</u> |
| EXPENSES | | |
| Management | 3,697 | 2,409 |
| Program | <u>49,121</u> | <u>43,634</u> |
| TOTAL EXPENSES | <u>52,818</u> | <u>46,043</u> |
| INCREASE (DECREASE) IN NET ASSETS | (1,417) | 3,780 |
| NET ASSETS - BEGINNING | <u>13,795</u> | <u>10,015</u> |
| NET ASSETS - ENDING | <u>\$ 12,378</u> | <u>\$ 13,795</u> |

The accompanying notes are an integral part of the financial statements.

LGBT CHARITIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2017 AND 2016

| | <u>2017</u> | <u>2016</u> |
|--|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase (Decrease) in Net Assets | \$ (1,417) | \$ 3,780 |
| Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities: | | |
| (Increase) Decrease in: | | |
| Accounts Receivable | (499) | - |
| Pledges Receivable | (8,277) | 6,856 |
| Program Service Fees Receivable | (2,983) | 673 |
| Increase (Decrease) in: | | |
| Accounts Payable | 4,325 | (3,633) |
| Grants Payable | <u>28,535</u> | <u>(13,364)</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>19,684</u> | <u>(5,688)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 19,684 | (5,688) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>18,461</u> | <u>24,149</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 38,145</u> | <u>\$ 18,461</u> |

The accompanying notes are an integral part of the financial statements.

LGBT CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017 AND 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

LGBT Charities, Inc. was incorporated under the laws of Maryland as a non-profit organization and is exempt from income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code.

The Organization's Return of Organization Exempt from Income Tax (Form 990) for the years ended April 30, 2017, 2016 and 2015 are subject to examination, generally for three years after they were filed.

The Organization's primary purpose is to assist other tax exempt organizations in participating in workplace fundraising drives such as the U.S. Government's Combined Federal Campaign. The Organization screens applications for such drives, assists with the transfer of funds from donors to the benefiting groups, educates the staff and volunteers of these groups so that they better understand workplace giving programs, and assists in the marketing of such groups to potential donors.

As of December 21, 2015, the Organization changed its name to LGBT Charities, Inc.

Subsequent Events:

In the normal course of preparing the Organization's financial statements, management reviews events that occur after the statement of financial position dated April 30, 2017 for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through December 9, 2017, which is the date the financial statements were available to be issued.

Method of Accounting:

The Organization's financial statements have been prepared on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents

LGBT CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017 AND 2016
(CONTINUED)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation:

The net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed restrictions that may/or will be met, either by actions of the Organization and/or the passage of time.

NOTE B – DISTRIBUTIONS TO MEMBER CHARITIES

The Organization distributes to each member charity a percentage of the actual receipts proportionate to the designations donors made to that member charity.

**SUPPLEMENTARY
INFORMATION**

LGBT CHARITIES, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED APRIL 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

| | <u>MANAGEMENT</u> | <u>PROGRAM</u> | <u>2017</u> <u>TOTAL</u> | <u>2016</u> <u>TOTAL</u> |
|-------------------|-------------------|------------------|-----------------------------|-----------------------------|
| Filing Fees | \$ - | \$ 8,119 | \$ 8,119 | \$ 342 |
| Grants | - | 36,930 | 36,930 | 43,292 |
| Insurance | 744 | - | 744 | 744 |
| Office Expense | - | - | - | 107 |
| Professional Fees | 2,500 | - | 2,500 | 1,310 |
| Support Services | 453 | 4,072 | 4,525 | - |
| Travel | - | - | - | 248 |
| | <u>\$ 3,697</u> | <u>\$ 49,121</u> | <u>\$ 52,818</u> | <u>\$ 46,043</u> |

The accompanying notes are an integral part of the financial statements.