



Metro DC Community Center, Inc.

(a not-for-profit organization)

Financial Statements

For the Year Ended December 31, 2015

TSW, LLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Metro DC Community Center, Inc.
Washington, DC

We have audited the accompanying financial statements of Metro DC Community Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities 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 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 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 Metro DC Community Center, Inc. as of December 31, 2015, 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.



Vienna, Virginia

August 25, 2016

Metro DC Community Center, Inc.
Statement of Financial Position
As of December 31, 2015

ASSETS

CURRENT ASSETS:

Cash \$ 96,445

Total current assets 96,445

PROPERTY AND EQUIPMENT:

Furniture and fixtures 12,279

Equipment 5,163

Computer equipment 45,852

Total property and equipment 63,294

Less: accumulated depreciation (40,671)

Total property and equipment, net 22,623

Total assets \$ 119,068

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses \$ 18,667

Deferred contributions 31,773

Agent liabilities 33,604

Total current liabilities 84,044

Total liabilities 84,044

NET ASSETS

NET ASSETS:

Unrestricted 35,024

TOTAL NET ASSETS 35,024

TOTAL LIABILITIES AND NET ASSETS \$ 119,068

See accompanying notes

Metro DC Community Center, Inc.
Statement of Activities
For the Year Ended December 31, 2015

SUPPORT AND REVENUE:	
Grants and contributions	\$ 271,630
Other revenue	25,791
Special events income	85,274
Investment income	81
Net assets released	-
	-
TOTAL SUPPORT AND REVENUE	382,776
EXPENSES:	
Program services	328,605
General and administrative	69,357
Fundraising	32,113
	32,113
TOTAL EXPENSES	430,075
CHANGE IN UNRESTRICTED NET ASSETS	(47,299)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	-
CHANGE IN PERMANENTLY RESTRICTED NET NET ASSETS	-
CHANGE IN NET ASSETS	(47,299)
NET ASSETS	
Beginning of the year	82,323
NET ASSETS	
End of the year	\$ 35,024

See accompanying notes

Metro DC Community Center, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2015

	Program Services	Management and General	Fundraising	Total
Salaries and wages	72,597	9,084	9,048	90,729
Executive compensation	60,691	7,594	7,564	75,849
Occupancy	43,322	13,023	508	56,853
Consulting fees	48,173	4,267	160	52,600
Gifts expense	25,473	2,997	1,498	29,968
Employee benefits	21,001	2,986	2,971	26,958
Events and performances	16,612	2,072	4,180	22,864
Advertising and promotion	12,313	2,462	2,161	16,936
Office expenses	7,225	2,399	1,086	10,710
Telecommunications	1,343	6,694	77	8,114
Travel expnse	6,256	357	63	6,676
Accounting fees	-	6,107	-	6,107
Printing	4,903	169	193	5,265
Catering costs	2,407	520	1,824	4,751
Depreciation	3,780	445	222	4,447
Insurance	-	4,381	-	4,381
Credit card merchant fees	2,473	908	489	3,870
Payroll processing fees	-	374	-	374
Postage and delivery	36	40	69	145
Bank charges	-	28	-	28
Miscellaneous	-	2,450	-	2,450
	<u>\$ 328,605</u>	<u>\$ 69,357</u>	<u>\$ 32,113</u>	<u>\$ 430,075</u>

See accompanying notes

Metro DC Community Center, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (47,299)
Adjustments to reconcile changes in net assets to net cash (used) by operating activities:	
Depreciation and amortization	4,447
Increase in:	
Accounts payable and accrued expenses	1,284
Deferred contributions	31,773
Payroll taxes payable	(902)
Agent liabilities	<u>(5,168)</u>
Net cash (used) by operating activities	<u>(15,865)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	-
NET (DECREASE) IN CASH	(15,865)
CASH, beginning of year	<u>112,310</u>
CASH, end of year	<u><u>\$ 96,445</u></u>
CASH PAID DURING THE YEAR FOR:	
Interest	\$ -
Income taxes	\$ -

See accompanying notes

Metro DC Community Center, Inc.
Notes to Financial Statements
For the Year Ending December 31, 2015

NOTE 1 – PURPOSE AND PROGRAMS

Center’s Purpose:

The Metro DC Community Center, Inc. (the “Center”) was founded in 2002 to celebrate, strengthen, and support community among the lesbian, gay, bi-sexual and trans-gendered (LGBT) residents and organizations of Metropolitan Washington, DC. It supports the community’s diverse cultural, artistic, social, recreational, spiritual, educational, and civic interests by developing and implementing its own programs, providing communal resources, space for partner organizations, and connecting people and external community-based organizations with each other.

The Center has the following programs to accomplish its mission:

DC Health Link:

Working with DC Health Link, staff members helped residents of the District of Columbia learn about the Affordable Care Act and sign up for health insurance, and increase awareness of HIV risks, tobacco risks and other health issues.

GLOV:

The mission of GLOV is to work to reduce violence against LGBT individuals and those perceived to be LGBT. Activities of GLOV include: monthly organizing meetings, community town hall awareness events, police officer trainings, monitoring of criminal cases, and presenting testimony at sentencing hearings in bias-crime cases.

Other Programs:

General program expenses includes costs associated with ongoing smaller programs at the Center including several support and discussion groups that meet monthly or weekly at the Center. This includes: Center Aging, Center Bi, Center Women, Center Trans, Genderqueer DC, Poly Discussion Group, Women in their Twenties, and Gay District.

Basis of Accounting:

The Center prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles of the United States of America. Revenues are recognized in the period in which they are earned; expenses are recognized in the period in which they are incurred.

Metro DC Community Center, Inc.
Notes to Financial Statements
For the Year Ending December 31, 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND PURPOSE

Classes of Net Assets:

To ensure the observance of limitations and restrictions placed on the use of resources available to the Center, resources are classified for accounting purposes into classes established according to their nature and purpose. The net assets of the Center are divided into three classes: unrestricted, temporarily restricted, and permanently restricted:

Unrestricted Net Assets include all contributions other than endowments that are available for various activities, including:

- Operational and administrative functions.
- Support of community activities and charitable activities at the discretion of the Board of Directors.
- Contributions with donor-imposed restrictions that are met during the same year as the contribution is made are included in unrestricted support that increases unrestricted net assets.

Temporarily Restricted Net Assets represents contributions that are subject to donor-imposed restrictions, either for a specific purpose or subject to the passage of time. Temporarily restricted amounts also include earnings on permanently restricted endowments that are absent of explicit donor stipulations and that have not yet been appropriated for expenditure by the Center. When the restriction expires, the net assets of this fund are reclassified to unrestricted net assets.

Permanently Restricted Net Assets represent those assets contributed to the Center where the original dollar value is to remain in perpetuity as a permanent endowment of the Center. Income derived from, and appreciation of these funds, fall under the variance power of the Center and are available as unrestricted funds, but not the expenditure or disbursement of the original donation. Accordingly, the Center records such amounts as a component of permanently restricted net assets.

It is also the Center's policy that permanently restricted net assets are reported at their original value at the time of the donation. Management keeps the original donation and

Metro DC Community Center, Inc.
Notes to Financial Statements
For the Year Ending December 31, 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND PURPOSE-(continued)

Classes of Net Assets-(continued):

realized and unrealized gains and losses on those assets linked for determining the fair value of the fund for administrative purposes. Investment income and realized and unrealized gains and losses on those assets are recorded as temporarily restricted assets until appropriated, and do not impact the amount of the permanently restricted assets.

As of December 31, 2015, temporarily restricted net assets were \$0. As of December 31, 2015, permanently restricted net assets were \$0.

Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents:

The Center considers all assets held by depository institutions to be cash equivalents unless they are held as part of the long term investments of an endowment. At times the Center may at times have deposits in excess of the federally insured limit of \$250,000. Management believes the risk from deposits in excess of insured limits to be minimal.

Pledges Receivable:

When a donor unconditionally promises to contribute funds to the Center in future periods, the Center recognizes a pledge receivable. Pledges expected to be collected within one year are recorded as support and a receivable at net realizable value. Pledges expected to be collected in future years are recorded as support and a receivable to the present value of expected future cash flows. Discount on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue. Conditional promises to give are not included as support until conditions are substantially met.

Metro DC Community Center, Inc.
Notes to Financial Statements
For the Year Ending December 31, 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND PURPOSE-(continued)

Property and Equipment:

Purchased property and equipment are stated at cost; donated assets are valued at their estimated fair value on the date donated. Gifts of property and equipment with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire property and equipment are reported as temporarily restricted support. Absent explicit donor stipulations about how those assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service.

All assets are depreciated over estimated useful lives on a straight line basis. Repairs and maintenance and small equipment purchases are expensed as incurred. Expenditures that significantly increase asset values or extend useful lives are capitalized. Acquisitions of property and equipment in excess of \$500 that meet the capitalization requirements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gains or losses are included in the statement of activities.

The useful lives of the assets presented range from ten (10) to twenty (20) years. Depreciation for the period ending December 31, 2015, was \$4,447.

Contributions:

All contributions are available for unrestricted use unless specifically restricted by the donor. All pledges receivable and amounts received that are donor restricted for future periods or donor restricted for specific purposes are reported as temporarily or permanently restricted, depending upon the nature of the restriction. Temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction when the donor stipulated time restrictions ends or the purpose restriction is accomplished by the Center. All gifts granted to the Center are recorded at fair value at the time of the receipt.

Metro DC Community Center, Inc.
Notes to Financial Statements
For the Year Ending December 31, 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND PURPOSE-(continued)

Contributed Services:

Contributed services are recorded in the financial statements to the extent that those services create or enhance a non-financial asset or meet the following criteria:

- The service requires specialized skills.
- The service is provided by individuals who possess those skills
- The service would typically need to be purchased if not contributed.

For the year ended December 31, 2015, there were no amounts that met the criteria for recognition as described above, despite the considerable value of donated time by volunteers to the mission of the Center.

Administrative and Management Fees:

Custodian, investment, administrative, and management fees are recognized in the fiscal year in which they occur.

Income Taxes:

The Center's activities are generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 58.1-401(5) of the Washington DC Model Non-profit Corporation Act; however, unrelated business activities would be subject to income tax. Since the Center is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expense.

For the year ended December 31, 2015, management of the Center believes it has adequate support for all material tax positions and that it is more likely than not, based on the technical merits, that the positions will be sustained upon examination. The Center recognizes interest and penalties, if any, related to taxes in interest expense.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. The Center is no longer subject to tax examination for years before 2013.

Metro DC Community Center, Inc.
Notes to Financial Statements
For the Year Ending December 31, 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND PURPOSE-(continued)

Functional Expense Allocations:

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

Advertising:

The Company's policy is to expense advertising costs as the costs are incurred. Advertising costs amounted to \$6,635 for the year ending December 31, 2015.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

The Center leases office space under an operating lease which expires on October 31, 2028. The lease provides for minimum lease payment which includes a proportionate share of real estate taxes, insurance premiums, janitorial services, repairs and other operational charges.

Total rent expense including proportional shared expenses for the period ending December 31, 2015 was \$54,000. Future minimum lease payments required during the periods ending December 31st are as follows:

2016	\$ 57,575
2017	59,302
2018	61,081
2019	62,913
2020 and thereafter	<u>644,302</u>
TOTAL	<u>\$ 885,173</u>

NOTE 4 – OFFICE SHARING REVENUE

The Center shares the conference room and other office space to groups and individuals that help advance the Center's mission on an as needed basis. For the year ended December 31, 2015, the Center recognized \$25,747 in office sharing revenue.

Metro DC Community Center, Inc.
Notes to Financial Statements
For the Year Ending December 31, 2015

NOTE 5 – SUBSEQUENT EVENTS

Management has evaluated all subsequent events after the balance sheet date and through the financial statement issuance date of August 25, 2016 and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.