



Metro DC Community Center, Inc.

(a not-for-profit organization)

Financial Statements

For the Years Ended December 31, 2017 and 2016

*TSW, LLC*  
**Certified Public Accountants**

## Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flow	7
Notes to Financial Statements	8

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 statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years 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.

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**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, 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.

*TSW, LLC*

Gainesville, Virginia

November 14, 2018

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# Metro DC Community Center, Inc.

## Balance Sheets

As of December 31st

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 67,080	\$ 128,020
Grants receivable	39,382	-
Contributions receivable	6,250	-
Accounts receivable	300	-
	<u>113,012</u>	<u>128,020</u>
Total current assets	<u>113,012</u>	<u>128,020</u>
PROPERTY AND EQUIPMENT:		
Furniture and fixtures	13,615	12,279
Equipment	5,163	5,163
Computer Equipment	45,852	45,852
	<u>64,630</u>	<u>63,294</u>
Total property and equipment	<u>64,630</u>	<u>63,294</u>
Less: accumulated depreciation	<u>(47,056)</u>	<u>(40,671)</u>
Total property and equipment, net	<u>17,574</u>	<u>22,623</u>
TOTAL ASSETS	<u>\$ 130,586</u>	<u>\$ 150,643</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 21,893	\$ 43,835
	<u>21,893</u>	<u>43,835</u>
Total current liabilities	<u>21,893</u>	<u>43,835</u>
Total liabilities	<u>21,893</u>	<u>43,835</u>
NET ASSETS		
NET ASSETS:		
Unrestricted	<u>108,693</u>	<u>103,639</u>
TOTAL NET ASSETS	<u>108,693</u>	<u>103,639</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 130,586</u>	<u>\$ 147,474</u>

See accompanying notes

**Metro DC Community Center, Inc.**

**Statements of Activities**

**For the Years Ended December 31st**

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	<u>2017</u>	<u>2016</u>
SUPPORT AND REVENUE:		
Grants and contributions	\$ 461,241	\$ 479,948
Other revenue	80,863	34,255
Special events income	39,014	46,691
Investment income	53	44
Net assets released	-	-
	<hr/>	<hr/>
TOTAL SUPPORT AND REVENUE	581,171	560,938
	<hr/>	<hr/>
EXPENSES:		
Program services	489,699	414,558
General and administrative	55,610	49,223
Fundraising	30,808	28,542
	<hr/>	<hr/>
TOTAL EXPENSES	576,117	492,323
	<hr/>	<hr/>
CHANGE IN UNRESTRICTED NET ASSETS	5,054	68,615
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<hr/> -	<hr/> -
CHANGE IN PERMANENTLY RESTRICTED NET NET ASSETS	<hr/> -	<hr/> -
CHANGE IN NET ASSETS	5,054	68,615
NET ASSETS		
Beginning of the year	<hr/> 103,639	<hr/> 35,024
NET ASSETS		
End of the year	<hr/> <u>\$ 108,693</u>	<hr/> <u>\$ 103,639</u>

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*See accompanying notes*

**Metro DC Community Center, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2017**

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	Program Services	Management and General	Fundraising	Total
Salaries and wages	113,520	13,355	6,678	133,553
Executive compensation	68,060	6,005	6,005	80,070
Consulting fees	51,737	6,087	3,043	60,867
Occupancy	45,900	5,400	2,700	54,000
Employee benefits	40,485	4,763	2,381	47,629
Advertising and promotion	34,806	4,095	2,047	40,948
Events and performances	29,180	3,433	1,716	34,329
Office expenses	22,840	2,687	1,344	26,871
Community support	21,091	2,481	1,241	24,813
Catering costs	15,632	1,839	920	18,391
Travel expense	14,460	1,701	851	17,012
Telecommunications	7,332	863	431	8,626
Printing	3,044	358	179	3,581
Depreciation	2,734	322	161	3,217
Credit card merchant fees	2,522	296	148	2,966
Insurance	2,196	258	129	2,583
Payroll processing fees	816	96	48	960
Postage and delivery	389	46	23	458
Miscellaneous	12,955	1,525	763	15,243
	<u>\$ 489,699</u>	<u>\$ 55,610</u>	<u>\$ 30,808</u>	<u>\$ 576,117</u>

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*See accompanying notes*

**Metro DC Community Center, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2016**

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	Program Services	Management and General	Fundraising	Total
Salaries and wages	75,656	8,901	4,450	89,007
Executive compensation	62,800	7,850	7,850	78,500
Consulting fees	58,024	6,826	3,413	68,263
Occupancy	45,900	5,400	2,700	54,000
Employee benefits	32,528	3,827	1,914	38,269
Events and performances	25,218	2,967	1,483	29,668
Advertising and promotion	21,802	2,565	1,282	25,649
Office expenses	20,555	2,418	1,209	24,182
Telecommunications	17,917	2,108	1,054	21,079
Travel expense	12,772	1,503	751	15,026
Professional fees	7,580	892	446	8,918
Printing	2,755	324	162	3,241
Catering costs	2,694	317	158	3,169
Depreciation	2,550	300	150	3,000
Insurance	1,863	219	110	2,192
Credit card merchant fees	1,830	215	108	2,153
Payroll processing fees	645	76	38	759
Postage and delivery	167	20	10	197
Bank charges	88	10	5	103
Miscellaneous	21,214	2,485	1,249	24,948
	<u>\$ 414,558</u>	<u>\$ 49,223</u>	<u>\$ 28,542</u>	<u>\$ 492,323</u>

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*See accompanying notes*



**Metro DC Community Center, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31st**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 5,054	\$ 68,615
Adjustments to reconcile changes in net assets to net cash (used) by operating activities:		
Depreciation and amortization	3,216	3,169
Increase (decrease) in:		
Grants receivable	(39,382)	-
Contributions receivable	(6,250)	-
Accounts receivable	(300)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(21,942)	(40,209)
Net cash provided (used) by operating activities	(59,604)	31,575
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of furniture	(1,336)	-
Net cash (used) by operating activities	(1,336)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-	-
<b>NET (DECREASE) IN CASH</b>	(60,940)	31,575
CASH, beginning of year	128,020	96,445
CASH, end of year	\$ 67,080	\$ 128,020
<b>CASH PAID DURING THE YEAR FOR:</b>		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

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*See accompanying notes*

**Metro DC Community Center, Inc.**  
**Notes to Financial Statements**  
**For the Years Ending December 31, 2017 and 2016**

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**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:**

**Health Programs:**

Staff members help DC residents with Tobacco Cessation programs, HIV prevention (including condom distribution), health awareness, and working in partnership with DC HealthLink.

**DC Anti-Violence Project:**

To support victims of anti-LGBT violence, raise awareness about hate crimes and other violence targeting the LGBT community, and work in partnership with local authorities to reduce violence.

**Arts and Culture Programs:**

To support the arts of the LGBT community, including the Outwrite LGBT Book Festival, Queer Theatre Festival, Capturing Fire Poetry Slam, and the Reel Affirmations Film Festival.

**Center Global:**

Works to support LGBT asylum seekers and refugees through food and transportation assistance, referrals and support meetings.

**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 but is not limited to: Career Development, Center Aging, Youth Working Group, Center Latinos, and Center Military.

**Metro DC Community Center, Inc.**  
**Notes to Financial Statements**  
**For the Years Ending December 31, 2017 and 2016**

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**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.

**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

**Metro DC Community Center, Inc.**  
**Notes to Financial Statements**  
**For the Years Ending December 31, 2017 and 2016**

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

**Classes of Net Assets-(continued):**

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 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, 2017 and 2016, temporarily restricted net assets were \$0 and \$0, respectively. As of December 31, 2017 and 2016, permanently restricted net assets were \$0 and \$0, respectively.

**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.

**Metro DC Community Center, Inc.**  
**Notes to Financial Statements**  
**For the Years Ending December 31, 2017 and 2016**

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

**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.

**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 (7) to twenty (20) years. Depreciation for the periods ending December 31, 2017 and 2016 was \$3,217 and \$3,169, respectively.

**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

**Metro DC Community Center, Inc.**  
**Notes to Financial Statements**  
**For the Years Ending December 31, 2017 and 2016**

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

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.

**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 years ended December 31, 2017 and 2016, 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, 2017, 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.

**Metro DC Community Center, Inc.**  
**Notes to Financial Statements**  
**For the Years Ending December 31, 2017 and 2016**

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

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 2015.

**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 \$40,948 and \$25,649 for the years ending December 31, 2017 and 2016, respectively.

**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 periods ending December 31, 2017 and 2016 was \$54,000 for both years. Future minimum lease payments required during the periods ending December 31st are as follows:

2018	\$ 56,041
2019	57,723
2020	59,454
2021	61,238
2022 and thereafter	<u>470,285</u>
TOTAL	<u>\$ 704,741</u>

**Metro DC Community Center, Inc.**  
**Notes to Financial Statements**  
**For the Years Ending December 31, 2017 and 2016**

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**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 years ended December 31, 2017 and 2016, the Center recognized \$21,692 and \$23,622 in office sharing revenue, respectively.

**NOTE 5 – SUBSEQUENT EVENTS**

Management has evaluated all subsequent events after the balance sheet date and through the financial statement issuance date of November 14, 2018 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.