



Metro DC Community Center, Inc.

(a not-for-profit organization)

Financial Statements

For the Year Ended December 31, 2020

Mark Turbyfill CPA, PLLC
Certified Public Accountant
March 2, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of Metro DC Community Center, which comprise the statement of financial position as December 31, 2020, and the related statement of activities, functional expenses, 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 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 from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon 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 as of December 31, 2020, 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.

Mark Turbyfill, CPA, PLLC
Broadlands, Virginia
March 2, 2021

Metro DC Community Center, Inc.
Statement of Financial Position
As of December 31, 2020

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	95,927.00
Accounts receivable		18,774.00

Total current assets 114,701

PROPERTY AND EQUIPMENT:

Furniture and fixtures	13,615
Equipment	5,163
Computer Equipment	45,852

Total property and equipment 64,630

Less: accumulated depreciation (60,281)

Total property and equipment, net 4,349

TOTAL ASSETS \$ 119,050

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$	12,267
Current portion of notes payable		19,803

Total current liabilities 32,070

LONG TERM LIABILITIES:

Notes payable (less current) 33,337

Total liabilities 65,407

NET ASSETS

NET ASSETS:

Unrestricted 53,643

TOTAL NET ASSETS 53,643

TOTAL LIABILITIES AND NET ASSETS \$ 119,050

See accompanying notes

Metro DC Community Center, Inc.
Statement of Activities
For the Year Ended December 31, 2020

SUPPORT AND REVENUE:	
Grants and contributions	\$ 592,151
Other revenue	5,306
Special events income	12,180
Investment income	-
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TOTAL SUPPORT AND REVENUE	609,637
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EXPENSES:	
Program services	468,640
General and administrative	55,133
Fundraising	27,567
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TOTAL EXPENSES	551,340
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CHANGE IN UNRESTRICTED NET ASSETS	58,297
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	-
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CHANGE IN PERMANENTLY RESTRICTED NET NET ASSETS	-
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CHANGE IN NET ASSETS	58,297
NET ASSETS	
Beginning of the year	(4,654)
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NET ASSETS	
End of the year	\$ 53,643
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See accompanying notes

Metro DC Community Center, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and wages	204,025	24,003	12,001	240,029
Executive compensation	63,750	7,500	3,750	75,000
Advertising and promotion	54,479	6,409	3,205	64,093
Occupancy	36,949	4,347	2,173	43,469
Payroll taxes	23,496	2,764	1,382	27,642
Professional fees	21,534	2,533	1,267	25,334
Facility charges	15,241	1,793	897	17,930
Events and performances	9,497	1,117	559	11,173
Employee benefits	8,323	979	490	9,792
Insurance	6,891	811	405	8,107
Telecommunications	6,280	739	369	7,388
Depreciation	3,674	432	216	4,322
Catering costs	3,408	401	200	4,009
Credit card merchant fees	2,672	314	157	3,144
Postage and delivery	2,447	288	144	2,879
Office expenses	2,384	281	140	2,805
Printing	1,676	197	99	1,972
Payroll processing fees	1,200	141	71	1,412
Travel expnse	714	84	42	840
	<u>\$ 468,640</u>	<u>\$ 55,133</u>	<u>\$ 27,567</u>	<u>\$ 551,340</u>

See accompanying notes

Metro DC Community Center, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 58,297
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization	4,322
Increase in:	
Accounts receivable	(18,774)
Accounts payable and accrued expenses	<u>(14,565)</u>
Net cash provided by operating activities	<u>29,280</u>
CASH FLOWS FROM INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from new loans	<u>53,140</u>
Net cash provided by financing activities	<u>53,140</u>
NET INCREASE IN CASH	82,420
CASH, beginning of year	<u>13,507</u>
CASH, end of year	<u><u>\$ 95,927</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, 2020

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

Metro DC Community Center, Inc.
Notes to Financial Statements
For the Year Ending December 31, 2020

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

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.

Metro DC Community Center, Inc.
Notes to Financial Statements
For the Year Ending December 31, 2020

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

Classes of Net Assets-(continued):

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 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, 2020, temporarily restricted net assets were \$0. As of December 31, 2020, 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.

Metro DC Community Center, Inc.
Notes to Financial Statements
For the Year Ending December 31, 2020

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 \$1,000 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, 2020 was \$4,322.

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 Year Ending December 31, 2020

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 year ended December 31, 2020, 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, 2020, 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 Year Ending December 31, 2020

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 2018.

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 \$ for the year ending December 31, 2020.

Subsequent Events:

Management has evaluate events and transactions for potential recognition or disclosure through March 2, 2021, which is the date the financial statements were available to be issued.

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, 2020 was \$43,469.

Rent concessions

The Center negotiated rent concessions with its landlords, resulting in the abatement of lease payments for four months during the year ended December 31, 2020 as a result of the severe impact of COVID-19 pandemic during the year. The total amount recognized in profit or loss as rent abatement for the year ended December 31, 2020 was \$22,318.

Metro DC Community Center, Inc.
Notes to Financial Statements
For the Year Ending December 31, 2020

NOTE 3 – COMMITMENTS AND CONTINGENCIES – (continued)

Future minimum lease payments required during the periods ending December 31st are as follows:

2021	\$ 66,911
2022	68,919
2023	70,986
2024	73,116
2025 and thereafter	<u>301,044</u>
TOTAL	<u>\$ 539,932</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, 2020, the Center recognized \$3,562 in office sharing revenue.

NOTE 5 – PAYCHECK PROTECTION PROGRAM

The Center received a loan from Wells Fargo in the amount of \$53,140 under the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security (CARES) Act. The loan is subject to a note dated May 2, 2020. The loan balance bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning on April 1, 2021 as follows:

2021	\$19,803
2022	26,636
2023	<u>6,701</u>
TOTAL	\$53,140

Metro DC Community Center, Inc.
Notes to Financial Statements
For the Year Ending December 31, 2020

NOTE 6 – COVID IMPACT

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Center’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, donors, volunteers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Center is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the fiscal year 2020.