One in Long Beach, Inc.
dba LGBTQ Center of Long Beach

Audited Financial Statements
December 31, 2018 and 2017

Independent Auditor's Report

To the Board of Directors
One in Long Beach, Inc.:

I have audited the accompanying financial statements of One in Long Beach, Inc. (dba LGBTQ Center of Long Beach) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements 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
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of One in Long Beach, Inc. as of December 31, 2018, 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.

Report on Summarized Comparative Information
I have previously audited One in Long Beach, Inc.'s 2017 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated May 31, 2018. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Katherine Gluck

Hermosa Beach, CA
June 17, 2019

ONE IN LONG BEACH, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 460,770	$ 493,737
Accounts receivable, net	343,981	199,663
Prepaid expenses	24,080	16,587
Investments	-	80,000
Fixed assets, net	632,087	623,804
Other assets	-	5,280
TOTAL ASSETS	1,460,918	1,419,071
LIABILITIES		
Accounts payable	54,038	28,142
Accrued expenses	113,485	115,182
Note payable	-	39,121
TOTAL LIABILITIES	167,523	182,445
NET ASSETS		
Without donor restrictions	1,291,395	1,209,126
With donor restrictions	2,000	27,500
TOTAL NET ASSETS	1,293,395	1,236,626
TOTAL LIABILITIES AND NET ASSETS	1,460,918	1,419,071

See accompanying notes and accountant's audit report.

ONE IN LONG BEACH, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues without donor restrictions		
Contributions and grants	$ 358,766	$ 366,747
Program services, net	1,134,423	998,756
Special events, net	192,755	192,160
Other income	10,815	12,812
Interest income	2,131	1,795
Total revenue without donor restrictions	1,698,890	1,572,270
Net assets released from restrictions	25,500	24,500
TOTAL SUPPORT WITHOUT DONOR RESTRICTIONS	1,724,390	1,596,770
EXPENSES		
Program services	1,315,731	1,002,700
Fundraising	145,144	91,844
Management and general	181,246	233,147
TOTAL EXPENSES	1,642,121	1,327,691
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	82,269	269,079
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	-	25,000
Net assets released from restrictions	(25,500)	(24,500)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(25,500)	500
CHANGE IN NET ASSETS	56,769	269,579
NET ASSETS AT BEGINNING OF YEAR	1,236,626	967,047
NET ASSETS AT END OF YEAR	1,293,395	1,236,626

See accompanying notes and accountant's audit report.

ONE IN LONG BEACH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Comparative Totals for 2017)

	PROGRAM SERVICES					SUPPORTING SERVICES				
	Health Services	Legal Services	Domestic Violence	Youth Services	Total Programs	Fundraising	Mgmt. and General	Total Supporting Services	2018 Total	2017 Total
Advertising and public relations	$ -	$ -	$ -	$ -	$ -	$ 761	$ 7,013	$ 7,774	$ 7,774	$ 7,806
Bank fees	2,242	756	664	429	4,091	3,478	1,560	5,038	9,129	6,698
Depreciation and amortization	16,436	5,544	4,870	3,143	29,993	5,074	3,638	8,712	38,705	33,686
Dues and subscriptions	168	1,367	50	-	1,585	-	4,201	4,201	5,786	9,417
Employee benefits	29,178	8,756	10,818	7,257	56,009	2,094	1,501	3,595	59,604	51,708
Insurance	15,518	2,578	2,265	1,462	21,823	2,359	1,692	4,051	25,874	20,665
Interest	636	214	190	121	1,161	195	140	335	1,496	2,522
Miscellaneous	(179)	(336)	(359)	(144)	(1,018)	1,038	5,804	6,842	5,824	5,687
Payroll taxes and worker's comp.	40,487	14,189	12,907	8,799	76,382	3,645	2,614	6,259	82,641	64,989
Postage and delivery	44	11	25	-	80	-	1,139	1,139	1,219	2,640
Printing	2,670	740	758	553	4,721	-	3,358	3,358	8,079	11,441
Contract and professional services	59,575	46,130	267	196	106,168	(14)	15,254	15,240	121,408	90,666
Program support and supplies	203,094	4,018	10,931	8,164	226,207	-	15,739	15,739	241,946	262,166
Property taxes	3,217	1,085	953	615	5,870	993	712	1,705	7,575	7,263
Repairs and maintenance	4,743	1,600	1,405	907	8,655	1,464	1,050	2,514	11,169	5,029
Salaries and wages	376,187	126,883	111,458	71,945	686,473	116,136	83,262	199,398	885,871	640,398
Staff and volunteer development	635	-	-	83	718	142	10,662	10,804	11,522	2,030
Technology	30,231	8,642	7,607	5,101	51,581	7,377	6,891	14,268	65,849	36,542
Telephone and internet	2,240	710	1,188	481	4,619	-	2,050	2,050	6,669	9,401
Travel, conferences and meetings	1,888	6,450	2,903	4,098	15,339	402	6,932	7,334	22,673	37,134
Utilities	8,418	2,323	2,619	1,914	15,274	-	6,034	6,034	21,308	19,803
Total expenses	797,428	231,660	171,519	115,124	1,315,731	145,144	181,246	326,390	1,642,121	1,327,691

See accompanying notes and accountant's audit report.

ONE IN LONG BEACH, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ 56,769	$ 269,579
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	43,733	33,686
(Increase) decrease in accounts receivables	(144,318)	(93,827)
(Increase) decrease in prepaid expenses	(7,494)	2,240
Increase (decrease) in accounts payable	25,895	7,178
Increase (decrease) in accrued expenses	(1,697)	24,096
Net cash (used) provided by operating activities	(27,112)	242,952
Cash flows from investing activities:		
Purchase of building improvements and equipment	(46,734)	(96,381)
Redemption (purchase) of investment	80,000	(80,000)
Net cash provided (used) by investing activities	33,266	(176,381)
Cash flows from financing activities:		
Payments on note payable	(39,121)	(42,766)
Net cash used by financing activities	(39,121)	(42,766)
Net (decrease) increase in cash and cash equivalents	(32,967)	23,805
Cash and cash equivalents at beginning of year	493,737	469,932
Cash and cash equivalents at end of year	460,770	493,737
Supplemental disclosure of cash flow information:		
In-kind contributions	$ 87,400	$ 58,000
Interest paid	1,496	2,522

See accompanying notes and accountant's audit report.

NOTE 1 – ORGANIZATION AND ACTIVITIES

One In Long Beach, Inc. (the LGBTQ Center of Long Beach) is a public benefit corporation organized under California law in 1980. The Center advances equity for LGBTQ people through culturally responsive advocacy, education, programs and services.

The summary of significant accounting policies of the Center is presented to assist in understanding the Center's financial statements. The financial statements and notes are representations of the Center's management, who is responsible for their integrity and objectivity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Center have been prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Change in Accounting Principle

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities – Presentation of Financial statements of Not-for-Profit Entities*. The update addresses the complexity and understandabililty of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Center has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

Basis of Presentation

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board Accounting Standards Codification, (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the Center is required to report information regarding its financial position and activities in two classes of net assets as follows:

- Net assets without donor restrictions are net assets not subject to donor-imposed restrictions or law.
- *Net assets with donor restrictions* are net assets subject to donor-imposed restrictions that can be fulfilled by actions of the Center pursuant to those restrictions or that expire by the passage of time. Contributions restricted by donors whose restrictions are met in the same reporting period are recorded without restrictions. Net assets whose use is limited by donor-imposed restrictions that neither expire with the passage of time nor can be fulfilled or otherwise removed by the Center's actions are permanently restricted. As of December 31, 2018 and 2017, the Center did not have net assets with permanent donor restrictions.

Tax Status

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Center also is exempt from state income taxes under Section 23701(d) of the Revenue and Taxation Code of the State of California.

The Center has applied the provisions of Financial Accounting Standard Board's Accounting Codification (ASC) 740-10, *Accounting for Uncertainty in Income Taxes*. Under ASC 740-10, nonpublic enterprises, including nonprofit organizations, are required to record a tax liability when substantial uncertainties exist as to whether certain income is exempt from federal, state and local tax. As of December 31, 2018 and 2017, the Center had no substantial uncertain income tax positions. The Center’s federal returns are subject to examination by federal taxing authorities, generally for three years after they are filed and state returns are subject to examination by state taxing authorities, generally for four years after they are filed.

Cash and Cash Equivalents

The Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. As of December 31, 2018 and 2017, the Center’s cash and cash equivalents include cash held in bank checking, savings, and money market accounts.

Accounts Receivable and Promises to Give

Accounts receivable and promises to give are recorded at net realizable value if they are expected to be collected within one year and at net present value if they are expected to be collected in more than one year.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Center to concentrations of credit and market risk consist primarily of cash equivalents and accounts receivable. Cash accounts at banking institutions are insured by the Federal Deposit Insurance Corporation up to $250,000 and, at times, balances may exceed federally insured limits. The Center has not experienced any losses on its cash or cash equivalents.

The Center operates in Long Beach, California and is dependent upon governmental funding. For the years ended December 31, 2018 and 2017, the Center received 59% and 60% of its unrestricted funding from government contracts, respectively.

Property and Equipment

Property and equipment are stated at cost or at the fair value at the date of donation in the case of donated assets. The acquisition of property and equipment and expenses for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets in excess of $1,000 are capitalized. The Center provides for depreciation and amortization of property and equipment by use of the straight-line method over the estimated useful lives as follows:

Furniture, fixtures & equipment	3 to 10 years
Buildings	31.5 years
Improvements	5 to 39 years

Contributions of long-lived assets, or of cash or other assets that must be used to acquire long-lived assets, are reported as increases in net assets with donor restrictions. Restrictions are considered met, and an appropriate amount reclassified to net assets without donor restrictions, over the useful life of the long-lived assets as determined by the Center's depreciation policy.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. There were no impairments in either 2018 or 2017.

Investments

As of December 31, 2017, The Center's investment included a certificate of deposit with an initial maturity greater than three months.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Contributions received that are restricted for future periods or restricted by the donor for specific purposes are reported as support with restrictions.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Program Services Revenue

The Center is reimbursed for services provided to its clientele under certain programs funded by governmental contracts. Laws and regulations governing these contracts are complex and subject to interpretation. Compliance with such contracts can be subject to future governmental review and interpretation. The Center believes that it is in compliance with its governmental contracts.

The Center's governmental contracts provide for final settlements determined after an audit of the related contract by the respective governmental agency. An estimated provision is included in the accompanying financial statements. Estimation differences between final settlements and amounts accrued in previous years are reported as adjustments of the current year's net program services revenue.

Donated Services

The Center has a generous volunteer base that contributes their time and energy to the Center's activities. As prescribed by Generally Accepted Accounting Principles, contributions of services are recognized if the services received require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria are not recognized.

Risks and Uncertainties

Certain of the Center's services are governed by program agreements with governmental agencies. There can be no assurances that the Center will be able to obtain future contract agreements as deemed necessary by management. The loss of some of the current contracts or the inability to obtain future contracts could have an adverse effect on the Center's financial position and results of activities. Historically, the Center has successfully obtained all of the contracts it has deemed necessary to continue its operations.

Comparative Financial Information

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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Fair Value Measurements

The Center follows the provisions of Financial Accounting Standards Board (FASB) issued ASC Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. In accordance with ASC Topic 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Measurements (continued)

ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to measurements involving significant unobservable inputs (Level III measurements).

The three levels of the fair value hierarchy are as follows:

- Level I inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

- Level II inputs are inputs other than quoted prices included within Level I that are observable for the related asset or liability, quoted prices in markets that are not active, or other observable inputs that can be corroborated by observable market data.

- Level III inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the related asset or liability.

The Center has determined that the fair value of its financial instruments, which include cash and cash equivalents, accounts receivable, investments, accounts payable, and accrued liabilities, approximate the carrying values of such at December 31, 2018 and 2017 based on the short-term maturities and/or terms available to the Center in financial markets.

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.

Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassification

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2018 and 2017 consisted of the following:

	2018	2017
Accounts receivable	$ 343,981	$199,663
Less allowance for uncollectible accounts	(-)	(-)
Total accounts receivables, net	343,981	199,663

Accounts receivable at December 31, 2018 and 2017 were due as follows:

	2018	2017
Less than one year	$ 343,981	$ 199,663

NOTE 4 – FIXED ASSETS

Fixed assets consisted of the following at December 31, 2018 and 2017:

	2018	2017
Land	$ 148,157	$ 148,157
Building and improvements	790,176	745,922
Furniture and equipment	158,938	156,458
Auto	4,800	4,800
	1,102,071	1,055,337
Less accumulated depreciation	(469,984)	(431,533)
Total property and equipment, net	632,087	623,804

NOTE 5 – OTHER ASSETS

Other assets at December 31, 2018 and 2017 consisted of debt issuance as follows:

	2018	2017
Debt issuance costs	$ -	$ 6,399
Less accumulated amortization	(-)	(1,119)
Total debt issuance costs, net	-	5,280

NOTE 6 – NOTE PAYABLE

On November 14, 2018, the Center paid in full its promissory note secured by the Center's building and parking lot. The note had an initial principal balance of $365,000 bearing interest of 4.5% with monthly payments of $2,042 and a scheduled maturity date of August 14, 2038. On November 14, 2018, the lender of this note issued a deed of reconveyance transferring real property title to the Center.

NOTE 7 – LINES OF CREDIT

The Center maintains a revolving line of credit agreement secured by its building and parking lot. The line of credit expires on March 9, 2020 and has a principal limit of $500,000 with a variable interest rate based on the prime rate plus 1.750%. As of December 31, 2018 and 2017, the line of credit balance was zero.

The Center also maintains a revolving line of credit in the form of corporate credit. Under the terms of the credit agreement, the combined, maximum credit limit is $28,500 and with variable percentage rates, as of December 31, 2018, of 19.24% for purchases and 26.99% for cash advances. As of December 31, 2018 and 2017, the outstanding balance due on Center's corporate line of credit was $19,874 and $2,857, respectively.

NOTE 8 – LIQUIDITY

The Center regularly monitors liquidity required to meets its operating needs and other contractual commitments, while also striving to sustain it future strategic plan. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Center considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of December 31, 2018 and 2017, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	2018	2017
Cash and cash equivalents	$ 460,770	$ 493,737
Accounts receivable, net	343,981	199,663
Investments	-	80,000
Financial assets available for general expenditure over next 12 months	804,751	773,400

NOTE 9 – NET ASSETS WITH RESTRICTIONS

As of December 31, 2018 and 2018, donors restricted net assets were as follows:

	2018	2017
Net assets with restrictions:		
Program restricted	$ -	$ 25,000
Building fixture	2,000	2,500
Total net assets with restrictions	2,000	27,500

NOTE 10 – IN-KIND CONTRIBUTIONS

During the year ended December 31, 2018 and 2017, noncash contributions have been reflected in the financial statements as follows:

	2018	2017
Fundraising materials	$ 41,400	$ 44,000
Program support	46,000	9,200
Operations	-	4,800
Total in-kind contributions	87,400	58,000

NOTE 11 – RETIREMENT PLAN

The Center administers a 401(K) plan for its employees. The plan is funded by both employee and discretionary employer contributions. Employer contributions of $16,697 and $12,400 were authorized for the twelve month period ending December 31, 2018 and 2017, respectively.

NOTE 12 – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Such indirect expenses are allocated on the basis of estimates of time and effort.

NOTE 13 – CONTINGENCIES

As of December 31, 2018 and 2017, the Center was awarded various contracts from governmental agencies. As the funding of these contracts is dependent on future conditions relating to the completion of services, these contracts have not been recorded as receivables at year-end. Management believes the funds will be fully realized in future periods upon completion of the required services. The Center's contracts are subject to inspection and audit by the appropriate governmental funding agency in order to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. As of December 31, 2018 and 2017, the Center had a provision for the possible disallowance of program costs on its financial statements.

NOTE 14 – SUBSEQUENT EVENT

The Center has evaluated events subsequent to December 31, 2018, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through June 17, 2019, the date these financial statements were available to be issued.