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

Audited Financial Statements
December 31, 2019 and 2018

KATHERINE GLUCK
CERTIFIED PUBLIC ACCOUNTANT

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, 2019, 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, 2019, 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 2018 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated June 17, 2019. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Katherine Gluck

Hermosa Beach, CA
November 15, 2020

ONE IN LONG BEACH, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 491,162	$ 460,770
Accounts receivable, net	407,850	343,981
Prepaid expenses	16,749	24,080
Fixed assets, net	618,921	632,087
TOTAL ASSETS	1,534,682	1,460,918
LIABILITIES		
Accounts payable	54,051	54,038
Accrued expenses	137,046	113,485
TOTAL LIABILITIES	191,097	167,523
NET ASSETS		
Without donor restrictions	1,292,085	1,291,395
With donor restrictions	51,500	2,000
TOTAL NET ASSETS	1,343,585	1,293,395
TOTAL LIABILITIES AND NET ASSETS	1,534,682	1,460,918

See accompanying notes and accountant's audit report.

ONE IN LONG BEACH, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues without donor restrictions		
Contributions and grants	$ 450,891	$ 358,766
Program services, net	1,199,148	1,134,423
Special events, net	208,256	192,755
Other income	12,585	10,815
Interest income	1,792	2,131
Total revenue without donor restrictions	1,872,672	1,698,890
Net assets released from restrictions	1,500	25,500
TOTAL SUPPORT WITHOUT DONOR RESTRICTIONS	1,874,172	1,724,390
EXPENSES		
Program services	1,503,858	1,315,731
Fundraising	155,852	145,144
Management and general	212,772	181,246
TOTAL EXPENSES	1,872,482	1,642,121
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,690	82,269
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	50,000	-
Net assets released from restrictions	(1,500)	(25,500)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	48,500	(25,500)
CHANGE IN NET ASSETS	50,190	56,769
NET ASSETS AT BEGINNING OF YEAR	1,293,395	1,236,626
NET ASSETS AT END OF YEAR	1,343,585	1,293,395

See accompanying notes and accountant's audit report.

ONE IN LONG BEACH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Comparative Totals for 2018)

	PROGRAM SERVICES						SUPPORTING SERVICES				
	Health Services	Legal Services	Domestic Violence	Youth Services	Other	Total Programs	Fundraising	Mgmt. and General	Total Supporting Services	2019 Total	2018 Total
Advertising and public relations	$ 4,306	$ 1,656	$ 1,037	$ 1,107	$ 301	$ 8,407	$ 1,148	$ 1,102	$ 2,250	$ 10,657	$ 7,774
Bank fees	40	-	-	-	57	97	6,602	5,570	12,172	12,269	9,129
Depreciation and amortization	16,488	6,344	3,969	4,237	797	31,835	4,395	4,218	8,613	40,448	38,705
Dues and subscriptions	224	2,665	130	-	-	3,019	-	3,225	3,225	6,244	5,786
Employee benefits	38,402	13,868	8,135	10,800	896	72,101	4,942	4,776	9,718	81,819	59,604
Insurance	16,236	12,641	4,426	4,134	916	38,353	2,719	2,609	5,328	43,681	25,874
Interest	-	-	-	-	-	-	-	446	446	446	1,496
Miscellaneous	6,140	2,132	5,086	1,725	415	15,498	1,190	15,439	16,629	32,127	5,824
Payroll taxes and worker's comp.	38,548	15,418	9,804	10,618	2,273	76,661	2,238	(254)	1,984	78,645	82,641
Postage and delivery	34	78	10	-	-	122	10	4,146	4,156	4,278	1,219
Printing	2,379	691	608	751	927	5,356	-	2,519	2,519	7,875	8,079
Contract and professional services	44,969	56,920	-	-	507	102,396	15,646	20,594	36,240	138,636	121,408
Program support and supplies	187,532	15,554	10,201	5,653	6,998	225,938	-	-	-	225,938	241,946
Property taxes	10,914	1,235	773	825	155	13,902	856	821	1,677	15,579	7,575
Repairs and maintenance	6,277	2,415	1,511	1,613	303	12,119	1,673	1,608	3,281	15,400	11,169
Salaries and wages	406,649	156,463	97,906	104,523	19,657	785,198	108,389	104,041	212,430	997,628	885,871
Staff and volunteer development	1,134	120	-	333	-	1,587	-	13,075	13,075	14,662	11,522
Technology	30,131	19,638	8,604	10,776	1,780	70,929	5,734	5,250	10,984	81,913	65,849
Travel, conferences and meetings	4,581	12,069	2,584	1,045	-	20,279	310	12,917	13,227	33,506	22,673
Utilities	6,162	4,473	3,902	4,686	838	20,061	-	10,670	10,670	30,731	27,977
Total expenses	821,146	324,380	158,686	162,826	36,820	1,503,858	155,852	212,772	368,624	1,872,482	1,642,121

See accompanying notes and accountant's audit report.

ONE IN LONG BEACH, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 50,190	$ 56,769
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	40,448	38,705
(Increase) decrease in accounts receivables	(63,869)	(144,318)
(Increase) decrease in prepaid expenses	7,331	(7,494)
Increase (decrease) in accounts payable	13	25,895
Increase (decrease) in accrued expenses	23,561	(1,697)
Net cash provided (used) by operating activities	57,674	(32,140)
Cash flows from investing activities:		
Purchase of building improvements and equipment	(27,282)	(41,706)
Redemption (purchase) of investment	-	80,000
Net cash (used) provided by investing activities	(27,282)	38,294
Cash flows from financing activities:		
Payments on note payable	-	(39,121)
Net cash used by financing activities	-	(39,121)
Net increase (decrease) in cash and cash equivalents	30,392	(32,967)
Cash and cash equivalents at beginning of year	460,770	493,737
Cash and cash equivalents at end of year	491,162	460,770
Supplemental disclosure of cash flow information:		
In-kind contributions	$ 96,400	$ 87,400
Interest paid	446	1,496

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.

Basis of Presentation

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board (FASB) 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, 2019, the Center did not have net assets with permanent donor restrictions.

Change in Accounting Principle

For its fiscal year ending December 31, 2019, the Center adopted FASB's Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies whether transactions should be accounted for as unconditional or conditional contributions or as exchange transactions. The adoption of this ASU resulted in no material effect on the financial statements.

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 FASB'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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 and 2018, the Center received 56% and 55% 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 and 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 2019 or 2018.

Contributions

The Center recognizes contributions when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Donor-restricted contributions which are received and expended within the same year are reported as revenue without donor restrictions. Contributions of long-lived assets or of cash and other assets with no donor-imposed time restrictions are reported as increases in net assets without donor restrictions in the year received. Contributions restricted to the acquisition or construction of long-lived assets or subject to other time or purpose restrictions are reported as net assets with donor restrictions. The donor-restricted net assets resulting from these contributions are released to without donor-restricted net assets when the donor-imposed restrictions are fulfilled or the assets are placed in service.

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. 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, 2019 and 2018, the Center had a provision for the possible disallowance of program costs on its financial statements. Estimation differences, if any, 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, 2018, from which the summarized information was derived.

Fair Value Measurements

The Center follows the provisions of 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.

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.

Fair Value Measurements (continued)

- 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, accounts payable, and accrued liabilities, approximate the carrying values of such at December 31, 2019 and 2018 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, 2019 and 2018 consisted of the following:

	2019	2018
Accounts receivable	$ 407,850	$ 343,981
Less allowance for uncollectible accounts	(-)	(-)
Total accounts receivables, net	407,850	343,981

Accounts receivable at December 31, 2019 and 2018 were due as follows:

	2019	2018
Less than one year	$ 407,850	$ 343,981

NOTE 4 – FIXED ASSETS

Fixed assets consisted of the following at December 31, 2019 and 2018:

	2019	2018
Land	$ 148,157	$ 148,157
Building and improvements	817,461	790,176
Furniture and equipment	158,938	158,938
Auto	4,800	4,800
	1,129,356	1,102,071
Less accumulated depreciation	(510,435)	(469,984)
Total property and equipment, net	618,921	632,087

NOTE 5 – 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 6 – 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, 2019 and 2018, 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 $49,300 and with variable percentage rates, as of December 31, 2019, of 18.74% for purchases and 26.49% for cash advances. As of December 31, 2019 and 2018, the outstanding balance due on Center's corporate line of credit was $15,078 and $19,874, respectively.

NOTE 7 – 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, 2019 and 2018, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	2019	2018
Cash and cash equivalents	$ 491,162	$ 460,770
Accounts receivable, net	407,850	343,981
Financial assets available for general expenditure over next 12 months	899,012	804,751

NOTE 8 – NET ASSETS WITH RESTRICTIONS

As of December 31, 2019 and 2018, donor restricted net assets were as follows:

	2019	2018
Net assets with restrictions:		
Time restricted	$ 50,000	$ -
Building fixture	1,500	2,000
Total net assets with restrictions	51,500	2,000

NOTE 9 – IN-KIND CONTRIBUTIONS

During the year ended December 31, 2019 and 2018, noncash contributions have been reflected in the financial statements as follows:

	2019	2018
Fundraising materials	$ 41,400	$ 41,400
Program support	55,000	46,000
Total in-kind contributions	96,400	87,400

NOTE 10 – 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 $22,167 and $16,697 were authorized for the twelve month period ending December 31, 2019 and 2018, respectively.

NOTE 11 – 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 12 – CONTINGENCIES

As of December 31, 2019 and 2018, 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.

In the ordinary course of business, the Center is subject to certain lawsuits and other potential legal actions. In the opinion of management, such matters will not have a material effect on the financial position of the Center.

NOTE 13 – NEW ACCOUNTING STANDARDS

Revenue Recognition – In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2019. The guidance permits the use of either a retroactive or cumulative effect transition method. The Chapter is evaluating the effects the adoption of the statement will have on the financial statements.

Leases – In February 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2021, with early adoption permitted. The Chapter is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

NOTE 14 – SUBSEQUENT EVENT

The Center has evaluated events subsequent to December 31, 2019, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through November 15, 2020, the date these financial statements were available to be issued.

Line of Credit

The Center's line of credit, referred to in Note 6, was renewed in March 2020 under similar terms.

Covid-19

On March 19, 2020, the Governor of California declared a health emergency and issued an order to close all nonessential businesses in response to COVID-19. The Center complied with the state order and continues to adhere to state and local government orders. The Center has developed and implemented a safe workplan and has continued operations under appropriate modifications.