

**THE PRIDE CENTER AT EQUALITY PARK
GAY & LESBIAN COMMUNITY CENTER
OF GREATER FORT LAUDERDALE, INC.**

NONPROFIT ORGANIZATION

FINANCIAL STATEMENTS
AND ADDITIONAL
INFORMATION

FOR THE YEARS ENDED

DECEMBER 31, 2012 AND 2011

LIGGETT, VOGT & WEBB, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

**THE PRIDE CENTER AT EQUALITY PARK
GAY & LESBIAN COMMUNITY CENTER OF GREATER FORT LAUDERDALE, INC.
DECEMBER 31, 2012 AND 2011**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Pride Center at Equality Park
Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc.
Wilton Manors, Florida

Report on Financial Statements

We have audited the accompanying financial statements of The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc., which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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 errors. In making those risk assessments, the audit 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. 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc., as of December 31, 2012, and the changes in the net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

The financial statements of The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc., for the year ended December 31, 2011 were audited by a predecessor auditor; whose report dated September 12, 2012 expressed an unqualified opinion.

Other Reporting Required by Government Auditing Standards

In accordance with the Government Auditing Standards, we have also issued our report dated April 30, 2013 on our consideration of The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc., internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on Government Auditing Standards in considering The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc., internal control over financial reporting and compliance.

Liggett, Vegt & Webb, P.A.

LIGGETT, VOGT & WEBB, P.A.
Certified Public Accountants
April 30, 2013

GAY & LESBIAN COMMUNITY CENTER OF GREATER FORT LAUDERDALE, INC.

Statements of Financial Position
For the Years Ended December 30,

ASSETS

| | <u>2012</u> | <u>2011</u> |
|---|----------------------------|----------------------------|
| Cash and cash equivalents | \$ 291,423 | \$ 277,440 |
| Unconditional promises and accounts receivable, less allowance for doubtful accounts | 168,858 | 202,287 |
| Grants receivable | 36,250 | 27,917 |
| Investments | - | 3,675 |
| Property and equipment, net | 5,354,663 | 5,411,556 |
| Prepaid expenses | 29,056 | 65,246 |
| Deferred loan costs, less amortization of \$75,027 in 2012, and \$58,054 in 2011 | 9,839 | 26,812 |
| Utility and other deposits | 11,611 | 9,867 |
| TOTAL ASSETS | \$ <u>5,901,700</u> | \$ <u>6,024,800</u> |

Deferred Revenues

LIABILITIES AND NET ASSETS

| | | |
|---------------------------------------|------------------|------------------|
| Accounts payable and accrued expenses | \$ 47,673 | \$ 93,194 |
| Notes payable, member | 25,000 | 25,000 |
| Mortgage Payable | 3,250,194 | 3,330,312 |
| Deferred, membership dues and grants | 25,834 | 27,054 |
| TOTAL LIABILITIES | 3,348,701 | 3,475,560 |

COMMITMENTS AND CONTINGENCIES

| | | |
|---|----------------------------|----------------------------|
| Unrestricted | 2,512,084 | 2,195,904 |
| Temporarily restricted | 40,915 | 353,336 |
| Permanently restricted | - | - |
| TOTAL NET ASSETS | <u>2,552,999</u> | <u>2,549,240</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ <u>5,901,700</u> | \$ <u>6,024,800</u> |

The accompanying notes are an integral part of these financial statements

THE PRIDE CENTER AT EQUALITY PARK
GAY & LESBIAN COMMUNITY OF GREATER FORT LAUDERDALE, INC.

Statements of Activities
For the Years Ended December 30,

| | <u>2012</u> | <u>2011</u> |
|--|---------------------|---------------------|
| UNRESTRICTED REVENUES AND SUPPORT | | |
| Founders and members' dues and contributions | \$ 371,972 | \$ 345,192 |
| Facility usage fees and rental income | 200,115 | 238,355 |
| Grant Contracts | 718,424 | 677,571 |
| Government grant contracts | 146,736 | 81,900 |
| Special events | 145,036 | 116,587 |
| Other income | 50,168 | 9,225 |
| Investment income | 25,390 | 22,306 |
| | <hr/> | <hr/> |
| Total unrestricted revenues and support | 1,657,841 | 1,491,136 |
| Net assets released from restriction | 312,421 | 269,067 |
| | <hr/> | <hr/> |
| Total unrestricted revenues and other support | 1,970,262 | 1,760,203 |
| | <hr/> | <hr/> |
| EXPENSES | | |
| Program Services | 1,243,675 | 1,462,738 |
| Management and general | 237,848 | 111,614 |
| Fundraising | 172,559 | 47,689 |
| | <hr/> | <hr/> |
| Total Expenses | 1,654,082 | 1,622,041 |
| | <hr/> | <hr/> |
| Increase in unrestricted net assets | 316,180 | 138,162 |
| TEMPORARILY RESTRICTED NET ASSETS | | |
| Contributions (Note 10) | - | 291,788 |
| Net assets released from restrictions | (312,421) | (269,067) |
| | <hr/> | <hr/> |
| Increase (decrease) in temporarily restricted net assets | (312,421) | 22,721 |
| | <hr/> | <hr/> |
| Increase in net assets | 3,759 | 160,883 |
| NET ASSETS | | |
| Beginning of year | 2,549,240 | 2,388,357 |
| End of year | \$ <u>2,552,999</u> | \$ <u>2,549,240</u> |

The accompanying notes are an integral part of these financial statements.

**THE PRIDE CENTER AT EQUALITY PARK
GAY & LESBIAN COMMUNITY CENTER OF GREATER FORT LAUDERDALE, INC.**

Statement of Cash Flows

For the Years Ended December 30,

| | 2012 | 2011 |
|---|------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase in net assets | \$ 3,759 | \$ 160,883 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 116,932 | 115,362 |
| Provision for doubtful accounts | 6,700 | 20,300 |
| Forgiveness note payable, member contribution | - | (25,000) |
| Contributions restricted for long-term purposes | - | (291,788) |
| (Increase) decrease in operating assets and liabilities | | |
| Unconditional promises to give and accounts receivable | 18,396 | (2,346) |
| Grants receivable | - | 1,150 |
| Prepaid expenses and deferred costs | 27,690 | (21,776) |
| Utility and other deposits | (1,744) | - |
| Accounts payable and accrued expenses | (45,521) | (117,357) |
| Deferred Revenues | (1,220) | (145,358) |
| Net cash provided by (used in) operating activities | 124,992 | (305,930) |
| CASH FLOWS FROM IN INVESTING ACTIVITIES | | |
| Proceeds from investments and annuity | - | 54,820 |
| Proceeds from sale of property and equipment | 3,675 | 240,000 |
| Contributions (Note 7) | (34,566) | (16,335) |
| Net cash provided by (used in) investing activities | (30,891) | 278,485 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Center improvements, includes interest | - | 291,788 |
| Payments on line of credit | - | (67,500) |
| Payments on mortgage | (80,118) | (84,085) |
| Payments on elevator loan | - | (110,008) |
| Net cash provided by (used in) financing activities | (80,118) | 30,195 |
| Net increase in cash and cash equivalents | 13,983 | 2,750 |
| Cash and cash equivalents at the beginning of year | 277,440 | 274,690 |
| Cash and cash equivalents at the end of year | \$ 291,423 | \$ 277,440 |
| Supplemental Information: | | |
| Interest paid | \$ 149,750 | \$ 146,131 |
| Income taxes paid | \$ - | \$ - |

The accompanying notes are an integral part of these financial statements

**THE PRIDE CENTER AT EQUALITY PARK
GAY & LESBIAN COMMUNITY CENTER OF GREATER FORT LAUDERDALE, INC.**

Statements of Functional Expenses
For the Years Ended December 30,

| | Supporting Services | | | | | | | | |
|-------------------------------------|----------------------------|-------------------|-------------------|-------------------|--------------------------------------|-------------------|---------------------|---------------------|---------------------|
| | DOH/ ETI | PALS | CDC | Other | Total Program Service | Management | Fund Raising | 2012 Total | 2011 Total |
| Salaries | \$ 60,256 | \$ 155,589 | 235,338 | \$ 154,894 | \$ 606,077 | \$ 65,018 | \$ 80,335 | \$ 751,430 | \$ 749,664 |
| Payroll taxes | 4,610 | 11,902 | 18,003 | 11,849 | 46,364 | 4,974 | 6,146 | 57,484 | 54,126 |
| Employee benefits | 7,584 | 21,719 | 34,167 | 16,545 | 80,015 | 6,403 | 5,017 | 91,435 | 90,466 |
| Advertising and community relations | - | - | - | 10,977 | 10,977 | - | 3,905 | 14,882 | 6,569 |
| Bank and credit card charges | - | - | - | 45 | 45 | 2,690 | 3,875 | 6,610 | 3,464 |
| Program, supplies and expenses | 5,751 | 30,217 | 27,254 | 107,225 | 170,447 | 7,133 | 4,365 | 181,945 | 207,914 |
| Postage | 240 | 330 | 78 | - | 648 | 127 | 1,299 | 2,074 | 1,788 |
| Newsletter, printing and production | 625 | - | - | 4,542 | 5,167 | 1,767 | 2,454 | 9,388 | 8,703 |
| Telephone | 1,437 | 841 | 3,897 | 2,482 | 8,657 | 1,671 | 4,016 | 14,344 | 8,934 |
| Utilities | 3,388 | 3,471 | 3,431 | 38,110 | 48,400 | 25,961 | 13,461 | 87,822 | 54,232 |
| Building repairs and maintenance | 516 | 257 | 4,914 | 9,136 | 14,823 | 11,932 | - | 26,755 | 36,204 |
| Security | 1,553 | 1,587 | 1,564 | 8,216 | 12,920 | 3,443 | 653 | 17,016 | 9,758 |
| Taxes, licenses and fees | - | - | 635 | - | 635 | 2,038 | 400 | 3,073 | 17,301 |
| Insurance | 6,274 | 14,535 | 4,199 | 33,393 | 58,401 | 26,051 | 18,235 | 102,687 | 80,371 |
| Interest | 6,730 | 30,285 | 8,749 | 60,383 | 106,147 | 28,714 | 14,889 | 149,750 | 146,131 |
| Professional fees | 3,500 | - | - | - | 3,500 | 6,076 | 4,179 | 13,755 | 13,869 |
| Depreciation and amortization | 5,265 | 23,670 | 6,843 | 34,674 | 70,452 | 43,850 | 2,630 | 116,932 | 115,362 |
| Bad debts | - | - | - | - | - | - | 6,700 | 6,700 | 17,185 |
| Total Liabilities | \$ 107,729 | \$ 294,403 | \$ 349,072 | \$ 492,471 | \$ 1,243,675 | \$ 237,848 | \$ 172,559 | \$ 1,654,082 | \$ 1,622,041 |

The accompanying notes are an integral part of these financial statements

THE PRIDE CENTER AT EQUALITY PARK
GAY & LESBIAN COMMUNITY CENTER OF GREATER FORT LAUDERDALE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 1- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Pride Center at Equality Park, Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc. ("The Pride Center") is a Florida nonprofit public charity incorporated on June 25, 1993. In 2008, The Pride Center purchased property in and relocated to Wilton Manors, Florida. The property includes approximately 38,000 square feet of office and warehouse space located on six acres of land housing its corporate offices and program services. The Pride Center rents office and warehouse space to other non-profit organizations on a short-term and long-term basis.

The Pride Center provides meeting space and other facilities for groups and organizations that fulfill educational, therapeutic, cultural, social, recreational and other needs of the gay and lesbian community of Broward County. The Pride Center strives to foster, create or sponsor programs to fulfill the purposes as needed specifically by youth, elderly, and minority groups within the gay and lesbian community. The Pride Center's purpose includes improving the quality of life for and enhancing a sense of unity and communication within the gay and lesbian community of Broward County.

The Pride Center's source of funds is primarily from contributions, Federal and Florida grant contracts, fundraising events, membership dues, faculty usage fees and rent.

Basis of Accounting and Presentation

The Pride Center prepares its financial statements in accordance with generally accepted accounting principles and on the accrual basis of accounting. Accordingly, revenues and gains are recognized when earned and expenses, losses and liabilities are recognized when incurred.

Financial statement presentation follows the Financial Accounting Standards Board Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities*. Under FASB ASC No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**THE PRIDE CENTER AT EQUALITY PARK
GAY & LESBIAN COMMUNITY CENTER OF GREATER FORT LAUDERDALE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributed goods and services are recorded as contributions at their estimated fair value at date of receipt.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, The Pride Center considers certificates of deposit and all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grant and Contract Revenue

Grant and contract revenue is recognized when the allowable costs as defined by the individual grant or contract are incurred and/or the unit of service has been provided. Grants receivable at year end represent allowable expenditures and/ or units of service provided which have not yet been reimbursed by the granting agency.

Deferred Revenue

Income received in advance from grants, membership dues and fundraising events are deferred and recognized over the periods to which the income relates.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could vary from the estimates that management uses.

THE PRIDE CENTER AT EQUALITY PARK
GAY & LESBIAN COMMUNITY CENTER OF GREATER FORT LAUDERDALE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property, Equipment, and Depreciation

Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Acquisitions of property and equipment in excess of \$500 are capitalized. Depreciation is being calculated by use of the straight-line method over the estimated useful lives of the related assets, which vary from 3- 39 years.

Maintenance and repairs to property and equipment are charged to expense when incurred. Additions and major renewals are capitalized. When assets are retired or otherwise disposed of, the cost or donated value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Functional Allocation of Expenses

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

Donated Services

No amounts have been reflected in the financial statements for donated services. The Pride Center pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist The Pride Center with specific assistance programs, campaign solicitations, and various committee assignments. The Pride Center receives more than 18,000 volunteer hours per year.

Accounting for Long-Lived Assets

The Pride Center records losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets carrying amount.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets.

THE PRIDE CENTER AT EQUALITY PARK
GAY & LESBIAN COMMUNITY CENTER OF GREATER FORT LAUDERDALE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The Organization uses the allowance method to determine the estimated unconditional promises receivable that are doubtful of collection. The allowance is based on prior years' experience and management's analysis of specific promises made. Promises to give, less an allowance for uncollectible amounts, are discounted to reflect the time value of money.

Income Taxes

The Pride Center is a nonprofit organization exempt from federal income taxes under Internal Revenue Code Section 501(c) (3). Accordingly, no provision for federal income taxes has been made.

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, *Accounting for uncertain; in Income Taxes* (included in FASB ASC 740-10, *Income Taxes, Overall*). ASC 740-10 prescribes a threshold of more-likely than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

ASC 740-10 also provides related guidance on measurement, classification, interest and penalties, and disclosures. As provided in FASB Staff Position FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Non-Public Enterprises*, The Pride Center has implemented ASC 740-10 for the years ended December 31, 2012 and 2011. The implementation of ASC 740-10 had no impact on the statements of financial position or statements of activities as there were no unrecognized tax benefits that needed to be recorded.

NOTE 2 - FACILITY RENTAL INCOME

The Pride Center offers office and operating space to unrelated non-profit entities in its 2040 Dixie Highway buildings located in Wilton Manors, Florida.

Five lease agreements have been entered into, two in 2008 and three in 2009. Terms for four of the leases include three additional one year renewal options, and one lease has a full term of ten years through 2018. All leases provide cost of living or annual percentage rental increases.

Future minimum payments to be received under these noncancelable lease agreements for the next five years are as follows:

Years Ended December 31:

| | |
|------|------------|
| 2013 | \$ 137,837 |
| 2014 | \$ 111,041 |
| 2015 | \$ 85,809 |
| 2016 | \$ 76,641 |
| 2017 | \$ 65,456 |

THE PRIDE CENTER AT EQUALITY PARK
GAY & LESBIAN COMMUNITY CENTER OF GREATER FORT LAUDERDALE, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2012 AND 2011

NOTE 3- INVESTMENTS AND FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: *Level 1* inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; *Level 2* inputs consist of other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly; and *Level 3* inputs that are unobservable inputs for the investments and have the lowest priority. The Pride Center uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

The Pride Center's investments are in marketable securities. Interest income is included as an increase in unrestricted and temporarily restricted net assets in the accompanying statement of activities. Investments are included in the statement of financial position in the following classifications at December 31:

| | 2012 | | 2011 |
|-------------|------|----|-------|
| Investments | - | | 3,675 |
| | \$ - | \$ | 3,675 |

Unrestricted investment income at December 31 consists of:

| | 2012 | | 2011 |
|----------|--------|----|--------|
| Interest | 25,390 | | 22,306 |
| | \$ | \$ | 22,306 |

NOTE 4- COMMUNITY FOUNDATION, GRANT AND DESIGNATED FUNDS

The Pride Center has entered into two grant and agency endowment agreements with the Community Foundation of Broward, Inc. ("Foundation").

The agreement entered into on December 1, 2000 between the Foundation and Gilbert Corwin ("Donor") created the fund "*Gay and Lesbian Community Center of South Florida Fund*". The second agreement, entered into on February 25, 2002 created the fund "*GLCC Unrestricted Endowment Fund*" and is referred to by the Foundation as the Kresge Challenge.

Additional contributions may be made to these two Funds at any time. Contributions are considered permanent and are held and administered solely by the Foundation and therefore are classified as a Permanently Restricted Fund of the Foundation. All contributions come from third parties and the Foundation recognizes the value of gifts received as assets and contribution revenue. It is the general policy of the Foundation to make distributions of investment income from these funds at least annually to the Pride Center. These distributions are unrestricted as to their use. In 2012 and 2011, The Pride Center received investment income of \$20,298 and \$20,447, respectively the Funds and the fund balance (in both Funds as recorded by the Foundation) at December 31, 2012 and 2011 was \$412,142 and \$477,910, respectively.

THE PRIDE CENTER AT EQUALITY PARK
GAY & LESBIAN COMMUNITY CENTER OF GREATER FORT LAUDERDALE, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2012 AND 2011

NOTE 5- PROPERTY AND EQUIPMENT

Property and equipment, net, consists of the following at December 31:

| | <u>2012</u> | <u>2011</u> |
|-------------------------------|---------------------|---------------------|
| Equipment and telephone | \$ 54,327 | \$ 51,281 |
| Furniture and Fixtures | 81,964 | 41,943 |
| Computer equipment | 29,538 | 29,538 |
| Building | 2,517,500 | 2,517,500 |
| Building improvements | 894,670 | 894,670 |
| Land | <u>2,232,500</u> | <u>2,232,500</u> |
| | 5,810,499 | 5,767,432 |
| Less accumulated depreciation | <u>(455,835)</u> | <u>(355,876)</u> |
| | <u>\$ 5,354,663</u> | <u>\$ 5,411,556</u> |

The Pride Center opened their Equality Park location during February 2010, at which time all costs of Construction in Progress were classified as Building and Building Improvements and became depreciable at that time. Depreciation expense for the year ended December 31, 2012 and 2011 was \$99,959 and \$75,636, respectively. Two of the plots of land owned by the Organization that were previously donated were sold in 2011 for \$240,000.

NOTE 6 -SPECIAL EVENTS

Special events contribute to the fund-raising efforts of The Pride Center. The following is a summary of the receipts and expenses associated with special events for the year ended December 31, 2012.

| Event | Receipts | Direct Expenses | Net Revenue |
|---------------------------|-------------------|------------------|-------------------|
| Flea Market/Indoor Bazaar | \$ 45,353 | \$ 4,528 | \$ 36,297 |
| Hotspots | 9,965 | 2,345 | 5,275 |
| AID's Walk | 19,047 | - | 19,047 |
| Senior Health | 12,948 | 1,743 | 9,462 |
| Concessions | 12,752 | 4,674 | 3,404 |
| Spring Fundraiser | 33,118 | 5,593 | 21,932 |
| Year End Appeal | 9,627 | 92 | 9,443 |
| Bingo | 17,851 | 3,427 | 10,996 |
| Other | 6,778 | - | 6,778 |
| | <u>\$ 167,439</u> | <u>\$ 22,403</u> | <u>\$ 145,036</u> |

THE PRIDE CENTER AT EQUALITY PARK
GAY & LESBIAN COMMUNITY CENTER OF GREATER FORT LAUDERDALE, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2012 AND 2011

Special events for the year ended December 31, 2011 were as follows:

| Event | Receipts | Direct Expenses | Net Revenue |
|-----------------------------------|-------------------|------------------|-------------------|
| Stars of the Rainbow | \$ 40,760 | \$ 14,002 | \$ 26,758 |
| Flea Market/Indoor Bazaar | 39,022 | 5,704 | 33,318 |
| Bingo | 17,047 | 4,589 | 12,458 |
| Evening in Paradise/House Parties | 49,418 | 15,645 | 33,773 |
| Concessions | 6,654 | 3,635 | 3,019 |
| Other | 10,460 | 3,199 | 7,261 |
| Total | \$ 163,361 | \$ 46,774 | \$ 116,587 |

NOTE 7 – ASSISTANCE FROM GOVERNMENTAL AGENCIES

The following details the reimbursements and receipts from governmental agencies for the years ending December 31, 2012 and 2011, respectively:

| Federal Financial Assistance | 2012 | 2011 |
|---|--------------------------|--------------------------|
| Department of Health Services Center for Disease Control Grant No. 5U65PS002691-03 | \$ 338,416 | \$ 345,812 |
| Total Federal Financial Assistance | <u>338,416</u> | <u>345,812</u> |
| State Financial Assistance | | |
| Florida Department of Health | | |
| Learning Immune Function Enhancement(L.I.F.E) | 240,008 | 241,659 |
| Expanding Testing Initiative (ETI) | 90,000 | 90,100 |
| HIV Prevention | 50,000 | - |
| Total State Financial Assistance | <u>380,008</u> | <u>331,759</u> |
| Grand Total | \$ <u>718,424</u> | \$ <u>677,571</u> |

Department of Health and Human Services

The Pride Center entered into a five year agreement with the Department of Health Centers for Disease Control and Prevention (CDC). The project period is from August 1, 2010 through June 30, 2015 with annual funding for the project period ended June 30, 2011 of \$335,748 and \$315,836 for each of the subsequent three year project periods.

THE PRIDE CENTER AT EQUALITY PARK
GAY & LESBIAN COMMUNITY CENTER OF GREATER FORT LAUDERDALE, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2012 AND 2011

State of Florida

The Pride Center's Health and Community Services Program (HCSP) provides HIV Prevention Services for MSM that may be at high risk of acquiring or transmitting HIV infection regardless of race or ethnicity. The objectives are to decrease risk behavior and to reduce transmission of HIV/STD through individual risk-reduction planning and reducing barriers to successful behavioral change. To accomplish these objectives, The Pride Center's Health and Community Services Program utilizes Counseling Testing and Referral Services (CTR), RESPECT Intervention for Behavioral Change, and Comprehensive Risk Counseling Services (CRCS) to reach the high risk segment of the MSM population. The contract began July 1, 2012 and ends June 30, 2013, with a total contract value of \$100,000.

The Pride Center has entered into two fixed price, monthly fee contracts, with the State of Florida, Department of Health. The initial contract began October 1, 2008 and is referred to as Expanding Testing Initiative "ETI" with a \$7,500 monthly fixed fee. The current contract BW163, began October 1, 2011 and ended December 31, 2012. The contract provided case management funding for a target population of black males and females. The major program goals are to prevent spread of HIV infection, enhance HIV/AIDS awareness, HIV minority testing and teach risk-reduction methods as defined in the contract.

The second contract provides case management funding for a target population of adult HIV-positive men who have sex with men. The contract, FAD12 began January 1, 2009 and ended December 31, 2011, with a \$20,417 monthly fixed fee. The annual program amount is \$245,000 for a total contract amount of \$735,000. The services goals are educational programs, "L.I.F.E." and Healthy Relationship sessions with a defined minimum number of participants. The goals are defined by written protocol including tracking all incentives, counseling, testing and referral activities maintained and reported on a monthly basis.

NOTE 8 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes as of December 31:

| | Balance January 1, 2012 | Additions | Usage | Balance December 31, 2012 |
|------------------|----------------------------|-------------|-------------------|------------------------------|
| Capital Campaign | \$ 332,229 | \$ - | \$ 310,014 | \$ 22,215 |
| Program Services | 21,107 | - | 2,407 | 18,700 |
| | <u>\$ 353,336</u> | <u>\$ -</u> | <u>\$ 312,421</u> | <u>\$ 40,915</u> |

| | Balance January 1, 2011 | Additions | Usage | Balance December 31, 2011 |
|------------------|----------------------------|-------------------|-------------------|------------------------------|
| Capital Campaign | \$ 315,006 | \$ 246,330 | \$ 299,107 | \$ 332,229 |
| Program Services | 15,609 | 45,458 | 39,960 | 21,107 |
| | <u>\$ 330,615</u> | <u>\$ 291,788</u> | <u>\$ 269,067</u> | <u>\$ 353,336</u> |

THE PRIDE CENTER AT EQUALITY PARK
GAY & LESBIAN COMMUNITY CENTER OF GREATER FORT LAUDERDALE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE9 – MORTGAGE PAYABLE

In 2008, The Pride Center purchased property located in Wilton Manors, Florida of approximately 38,000 square feet of office/warehouse space located on approximately 6 acres of land for \$4,750,000. In connection with the purchase of the property, The Pride Center entered into a secured mortgage promissory note with a financial institution in the amount of \$3,325,000.

On July 22, 2010, the first mortgage and line of credit were combined with a principal sum of \$3,453,076, with terms extending the mortgage payments through May 22, 2013, payable monthly at \$18,901, including interest at 4.35%. The promissory note is secured by a first mortgage and security agreement which grants the financial institution a security in the property, any improvements to the property, The Pride Center rights and interests to any leases with respect to the property, and unsecured bank accounts, as defined. The Pride Center shall maintain an annual debt service coverage ratio of 1:1, as defined, among other debt covenants. Maturities of the mortgage note for years after 2012 are as follows:

| | |
|-------|--------------------|
| 2013 | \$3,250,194 |
| Total | <u>\$3,250,194</u> |

NOTE10 – NOTES PAYABLE

Members

The Pride Center entered into two one-year note payable agreements with two individual members dated August 28, 2009 and September 25, 2009 for \$50,000 and \$25,000, respectively, with interest at 2.5% and 5%. The notes were uncollateralized and funds were used for working capital. In 2010, the \$25,000 note payable was converted to a contribution and in 2011; \$25,000 of the \$50,000 note payable was converted to a contribution. As of December 31, 2012, \$25,000 of principal remains outstanding.

Elevator Loan

The Pride Center entered into a one year loan payable for the purchase and installation of an elevator in its central office building. The Note includes a matching funds option to reduce the principal balance. In 2011, the remaining balance of \$71,000 was converted to a capital campaign contribution.

NOTE 11 -GRANT OF EASEMENT AND ASSIGNMENT OF TOWER LEASE

The Pride Center's Wilton Manors property includes a communication facility and tower. On December 24, 2009, the Pride Center entered into a "Grant of Easement and Assignment of Lease" with Crown Castle South LLC ("Crown") whereby The Pride Center received \$230,000 for an exclusive and perpetual use and access to the tower and property as defined. Any sale, mortgage, lease or other conveyance of the defined property is subject to this agreement and Crown's right there under.

**THE PRIDE CENTER AT EQUALITY PARK
GAY & LESBIAN COMMUNITY CENTER OF GREATER FORT LAUDERDALE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 12 - CONCENTRATIONS

The Organization receives a substantial portion of its support from grants administered by a Federal agency. Changes in governmental appropriations could have a material adverse effect on the Organization's ability to continue to provide its services at the same level.

NOTE 13 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, The Pride Center has evaluated events and transactions for potential recognition or disclosure through April 30, 2013, the date the financial statements were available to be issued.

THE PRIDE CENTER AT EQUALITY PARK
GAY & LESBIAN COMMUNITY CENTER OF GREATER FORT LAUDERDALE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

| Federal Agency, Pass- Through Grantor, Program Title | Federal CFDA Number | Contract / Grant Number | Expenditures |
|--|---------------------------|----------------------------|-----------------------|
| Direct Programs: | | | |
| Department of Health and Human Services Centers for Disease Control and Prevention "CDC": Human Immunodeficiency Virus (HIV) Prevention Projects for Community Based Organizations | * 93.939 | 5U65PS002691-03 | \$ 338,416 |
| Indirect Programs: | | | |
| Department of Health and Human Services: Pass-through programs: Florida Department of Health: | | | |
| LIFE (Learning Immune Function Enhancement) and Healthy Relationships | * 93.939 | FAD12 | 240,008 |
| Expanding Testing Initiative (ETI) | * 93.939 | IBW163 | 90,000 |
| HIV Testing | * 93.940 | BW262 | 50,000 |
| Healthy Relationships | | | <u>50,000</u> |
| Total Expenditures of Federal Awards | | | \$ <u>718,424</u> |

*Denotes a major program

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Pride Center at Equality Park and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

INTERNAL CONTROLS
AND
COMPLIANCE



432 Park Avenue South, 10th Floor
New York, NY 10016 / (212) 481-3490

1500 Gateway Boulevard, Suite 202
Boynton Beach, FL 33426 / (561) 752-1721

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Directors
The Pride Center at Equality Park
Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc.
Wilton Manors, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc., as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc. basic financial statements, and have issued our report thereon dated April 30, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

Liggett, Vogt & Webb, P.A.

LIGGETT, VOGT & WEBB, P.A.
Certified Public Accountants

Boynton Beach, Florida
April 30, 2013



432 Park Avenue South, 10th Floor
New York, NY 10016 / (212) 481-3490

1500 Gateway Boulevard, Suite 202
Boynton Beach, FL 33426 / (561) 752-1721

Independent Auditors' Report on Compliance for each Major Program and on the Internal Control Over Compliance Required by OMB Circular A-133

Board of Directors
The Pride Center at Equality Park
Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc.
Wilton Manors, Florida

Report on Compliance for Each Major Federal Program

We have audited The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc. compliance with the types of compliance requirements described in the OMB circular A-133 Compliance Supplement that could have a direct and material effect on each of The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc.'s major federal programs for the year ended December 31, 2012. The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc. major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended December 31, 2012.

Report on Internal Control over Compliance

Management of The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc.'s, internal control over compliance with the types of requirements that could have a direct material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances and for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allot management or employees, in the normal course of performing their assigned functions, the ability to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program in a timely basis.

A material weakness in internal control over compliance is a deficiency, or combinations of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiency's, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness. However, material weakness may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of The Pride Center at Equality Park Gay & Lesbian Community Center of Greater Fort Lauderdale, Inc., as of and for the year ended December 31, 2012, and have issued our report thereon dated April 30, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of the management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Liggett, Vogt & Webb, P.A.
LIGGETT, VOGT & WEBB, P.A.
Certified Public Accountants

Boynton Beach, Florida
April 30, 2013

**THE PRIDE CENTER AT EQUALITY PARK
 GAY & LESBIAN COMMUNITY CENTER OF GREATER FORT LAUDERDALE, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 DECEMBER 31, 2012**

I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

| | | | | | |
|---|-------|-----|-------|---|---------------|
| Material weakness(es) identified? | _____ | Yes | _____ | X | No |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____ | Yes | _____ | X | None reported |
| Noncompliance material to financial statements noted? | _____ | Yes | _____ | X | No |

Federal Awards and State Financial Assistance

Internal control over major programs:

| | | | | | |
|---|-------|-----|-------|---|---------------|
| Material weakness(es) identified? | _____ | Yes | _____ | X | No |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____ | Yes | _____ | X | None reported |

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

Federal Awards

| CFDA Number(s) | Name OF Federal Program or Cluster |
|----------------|--|
| 93.939 | CDC: HIV Prevention Projects for Community Based |
| 93.939 | Organizations Florida Department of Health: L.I.F.E. and |
| 93.939 | Healthy Relationships Florida Department of Health |
| 93.940 | Expanding Testing Initiative (ETI) |

Dollar threshold used to distinguish between type A and type B federal programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ Yes X No

**THE PRIDE CENTER AT EQUALITY PARK
GAY & LESBIAN COMMUNITY CENTER OF GREATER FORT LAUDERDALE,INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2012**

II – FINANCIAL STATEMENT FINDINGS

No matters reported.

III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

No matters reported.

IV - OTHER ISSUES

The prior year single audit disclosed the following findings in the Schedule of Findings and Questioned Costs- Federal Awards and State Financial Assistance Projects.

1. OMB 133 requires the auditee to obtain and review the annual Compliance Supplement. There is no evidence that the 2011 Compliance Supplement was obtained by The Pride Center.

Current Status:

The 2012 compliance supplement was obtained and reviewed by management during 2012.

2. OMB 133 requires auditee to prepare the Schedule of Expenditures of Federal Awards (SEFA). The Pride Center did engage us to assist in the SEFA preparation. Additional involvement by The Pride Center would be beneficial to The Pride Center.

Current Status:

The Schedule of Expenditures of Federal Awards (SEFA) was prepared by management.

3. Board oversight includes monthly or periodic internal financial statement reviews. Board documentation of this review and the oversight function should be enhanced.

Current Status:

The Board reviews the monthly and year to date financial reports as documented in the Board of Directors meeting minutes. All minutes are signed off by the Board Secretary. Any recommendations to the Board made by the Finance Committee are also documented in the meeting minutes. No recommendations were made for 2012.