

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
AFFIRMATIONS LESBIAN AND GAY COMMUNITY CENTER
DECEMBER 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Affirmations Lesbian and Gay Community Center

Opinion

We have audited the accompanying financial statements of Affirmations Lesbian and Gay Community Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Affirmations Lesbian and Gay Community Center as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Affirmations Lesbian and Gay Community Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Affirmations Lesbian and Gay Community Center's ability to continue as a going

concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Affirmations Lesbian and Gay Community Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Affirmations Lesbian and Gay Community Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of direct public support and grants on pages 23 through 25 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Troy, Michigan

May 24, 2021

Affirmations Lesbian and Gay Community Center

STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash (note A2)	\$ 453,162	\$ 225,247
Restricted cash (note B)	133,563	133,563
Accounts receivable (note A5)	50,000	5,595
Investments (note D)	85,619	70,222
Prepaid expenses	<u>10,848</u>	<u>7,592</u>
Total current assets	733,192	442,219
PROPERTY AND EQUIPMENT - AT COST (note A6)		
Furniture and fixtures	428,765	426,218
Building	3,215,749	3,215,749
Building improvements	<u>98,047</u>	<u>98,047</u>
	3,742,561	3,740,014
Less accumulated depreciation	<u>1,580,148</u>	<u>1,482,682</u>
	2,162,413	2,257,332
Land	<u>95,700</u>	<u>95,700</u>
	2,258,113	2,353,032
OTHER ASSETS (notes C and D)	<u>43,331</u>	<u>40,458</u>
TOTAL ASSETS	<u>\$ 3,034,636</u>	<u>\$ 2,835,709</u>

The accompanying notes are an integral part of these statements.

LIABILITIES

	2020	2019
LIABILITIES		
Accounts payable	\$ 5,498	\$ 8,612
Accrued liabilities	24,747	20,612
Accrued pension (note H)	60,000	75,000
SBA PPP Loan (note I)	65,600	-
Total current liabilities	155,845	104,224
NET ASSETS (note A8)		
Without donor restrictions	2,633,701	2,568,022
With donor restrictions (note F)	245,090	163,463
Total net assets	2,878,791	2,731,485
TOTAL LIABILITIES AND NET ASSETS	\$ 3,034,636	\$ 2,835,709

The accompanying notes are an integral part of these statements.

Affirmations Lesbian and Gay Community Center

STATEMENT OF ACTIVITIES

Year ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUES			
SUPPORT			
Direct public support	\$ 305,490	\$ -	\$ 305,490
Grants	259,008	111,527	370,535
Special events, net of cost of \$21,984	42,714	-	42,714
Total support	607,212	111,527	718,739
REVENUE			
Net unrealized gain on investments	12,549	-	12,549
Program activities	11,183	-	11,183
Rental income	4,805	-	4,805
Interest income	2,849	-	2,849
Other income	37,009	-	37,009
Total revenue	68,395	-	68,395
Net assets released from restrictions	29,900	(29,900)	-
Total support and revenue	705,507	81,627	787,134
EXPENDITURES			
Program services	467,311	-	467,311
Administrative	101,859	-	101,859
Fund raising	70,658	-	70,658
Total expenditures	639,828	-	639,828
CHANGE IN NET ASSETS	65,679	81,627	147,306
NET ASSETS			
Beginning of year	2,568,022	163,463	2,731,485
NET ASSETS			
End of year	\$ 2,633,701	\$ 245,090	\$ 2,878,791

The accompanying notes are an integral part of these statements.

Affirmations Lesbian and Gay Community Center

STATEMENT OF ACTIVITIES

Year ended December 31, 2019

	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUES			
SUPPORT			
Direct public support	\$ 245,087	\$ -	\$ 245,087
Grants	134,850	25,000	159,850
In-kind donations (note G)	57,530	-	57,530
Special events, net of cost of \$78,424	74,752	-	74,752
Total support	512,219	25,000	537,219
REVENUE			
Net unrealized gain on investments	10,639	-	10,639
Program activities	12,583	-	12,583
Rental income	10,237	-	10,237
Interest income	3,497	-	3,497
Other income	46,047	-	46,047
Total revenue	83,003	-	83,003
Net assets released from restrictions	40,265	(40,265)	-
Total support and revenue	635,487	(15,265)	620,222
EXPENDITURES			
Program services	383,160	-	383,160
Administrative	95,074	-	95,074
Fund raising	29,161	-	29,161
Total expenditures	507,395	-	507,395
CHANGE IN NET ASSETS	128,092	(15,265)	112,827
NET ASSETS			
Beginning of year	2,439,930	178,728	2,618,658
NET ASSETS			
End of year	\$ 2,568,022	\$ 163,463	\$ 2,731,485

The accompanying notes are an integral part of these statements.

Affirmations Lesbian and Gay Community Center

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2020

	PROGRAM SERVICES	ADMINISTRATIVE	FUND RAISING	TOTAL
Salaries and wages	\$ 206,721	\$ 59,832	\$ 52,536	\$ 319,089
Payroll taxes	23,080	6,680	5,865	35,625
Employee benefits	15,572	4,507	3,957	24,036
Employee travel and mileage	5,819	646	-	6,465
Contractual fees	10,851	219	131	11,201
Program events	5,878	-	-	5,878
Merchant and bank service charges	4,931	1,644	-	6,575
Utilities	12,634	329	197	13,160
Telephone and cable	6,630	173	104	6,907
Insurance	18,624	485	291	19,400
Maintenance and repairs	8,732	227	136	9,095
Depreciation	93,567	2,437	1,462	97,466
Office supplies	4,666	122	73	4,861
Postage and printing	1,327	-	-	1,327
Professional fees	5,046	23,813	-	28,859
Computer support	160	4	3	167
Advertising and webhosting	32,433	200	5,903	38,536
Conferences, meetings, and dues	4,826	12	-	4,838
Donations	1,053	-	-	1,053
Miscellaneous	4,761	529	-	5,290
Total functional expenses	\$ 467,311	\$ 101,859	\$ 70,658	\$ 639,828

The accompanying notes are an integral part of these statements.

Affirmations Lesbian and Gay Community Center

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2019

	PROGRAM SERVICES	ADMINISTRATIVE	FUND RAISING	TOTAL
Salaries and wages	\$ 146,107	\$ 62,540	\$ 23,002	\$ 231,649
Payroll taxes	12,667	5,422	1,994	20,083
Employee benefits	8,814	3,773	1,387	13,974
Employee travel and mileage	5,002	556	-	5,558
Contractual fees	15,598	185	111	15,894
Program events	9,270	-	-	9,270
Merchant and bank service charges	1,845	1,845	-	3,690
Utilities	16,236	423	254	16,913
Telephone and cable	7,834	204	122	8,160
Insurance	21,718	566	339	22,623
Maintenance and repairs	17,031	443	266	17,740
Depreciation	88,101	2,294	1,377	91,772
Office supplies	889	23	14	926
Postage and printing	13,796	128	77	14,001
Professional fees	4,166	16,064	-	20,230
Computer support	4,379	114	68	4,561
Advertising and webhosting	3,131	-	-	3,131
Conferences, meetings, and dues	4,971	427	-	5,398
Donations	1,000	-	-	1,000
Miscellaneous	605	67	150	822
Total functional expenses	\$ 383,160	\$ 95,074	\$ 29,161	\$ 507,395

The accompanying notes are an integral part of these statements.

Affirmations Lesbian and Gay Community Center

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2020	2019
Cash flows from operating activities		
Cash received from customers and donors	\$ 727,331	\$ 551,711
Cash paid to suppliers and employees	(559,597)	(388,780)
Interest received	2,849	3,497
Net cash provided by operating activities	170,583	166,428
Cash flows from investing activities		
Purchase of property and equipment	(2,547)	(19,768)
Increase in other assets	(2,873)	(4,677)
Purchase of investments	(2,848)	(3,497)
Net cash used in investing activities	(8,268)	(27,942)
Cash flows from financing activities		
Proceeds from note payable to bank	65,600	-
Net cash provided by financing activities	65,600	-
Net increase in cash	227,915	138,486
Cash at beginning of year	358,810	220,324
Cash at end of year	\$ 586,725	\$ 358,810

The accompanying notes are an integral part of these statements.

Affirmations Lesbian and Gay Community Center

STATEMENTS OF CASH FLOWS - CONTINUED

Years ended December 31,

	<u>2020</u>	<u>2019</u>
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ 147,306	\$ 112,827
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	97,466	91,772
Unrealized gain on investments	(12,549)	(10,639)
Change in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(44,405)	3,155
Prepaid expenses	(3,256)	2,614
Increase (decrease) in liabilities:		
Accounts payable	(3,114)	(31,174)
Accrued liabilities	4,135	(2,127)
Accrued pension	(15,000)	-
	<u>23,277</u>	<u>53,601</u>
Net cash provided by operating activities	<u>\$ 170,583</u>	<u>\$ 166,428</u>

The accompanying notes are an integral part of these statements.

Affirmations Lesbian and Gay Community Center

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE A – SUMMARY OF ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Nature of Business

Affirmations Lesbian and Gay Community Center (the Organization) is a nonprofit community center in Ferndale, Michigan that provides a welcoming space where people of all sexual orientations, gender identities and expressions, and cultures can find support and unconditional acceptance, and where they can learn, grow, socialize and have fun.

Program service functions, which constitute the principal activities of the Organization, include civic engagement, counseling, health services, social and recreational, and various other help, information and support programs and services.

The Organization's primary sources of revenue and support are grants, contributions, memberships, and special events.

2. Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less. The company places its temporary cash investments with high credit quality financial institutions. At times these investments are not entirely FDIC insured, however the company does not believe it is exposed to any significant credit risk on cash and cash equivalents.

3. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Affirmations Lesbian and Gay Community Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

4. Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

5. Allowance for Doubtful Accounts

The company uses the allowance method to account for uncollectible accounts receivable. The allowance for doubtful accounts was evaluated by management and is based on management's review of the collectability of trade receivables. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. For years ended December 31, 2020 and 2019, the Organization considers its receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

6. Depreciation

Depreciation is provided for in amounts sufficient to relate the cost of property and equipment to operations over their estimated service lives using the straight-line method.

Affirmations Lesbian and Gay Community Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

7. Classification of Net Assets

Net assets of the Organization are classified as net assets without donor restrictions or with donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements result in net assets with donor restrictions. Earnings, gains, and losses on restricted net assets are classified as without donor restrictions unless specifically restricted by the donor or by applicable state law.

8. Contributions

Contributions of cash and other assets, including unconditional promises to give, are reported as revenue when received or in the case of unconditional promises, when made. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as support without donor restrictions. Other restricted gifts are reported as net assets with donor restrictions.

9. Revenue Recognition

Revenue is recognized as each distinct performance obligation with a contract is satisfied. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when the performance obligation is satisfied.

The Organization's primary sources of revenue and support are fund-raising events and donations from the community. Revenue is recognized when received or when unconditional promises are made.

Affirmations Lesbian and Gay Community Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

10. Functional Allocation of Expenses

Functional expenses are allocated among the programs and support services based on specific identification of costs to programs, as well as, various time and use analysis and estimates, made by the Organization's management.

11. Income Taxes

The Organization is a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes; therefore, no provision for income taxes has been included in this statement. As of December 31, 2020, the company's tax years ended December 31, 2019, 2018, and 2017 are open for examination by the tax authorities.

12. Adoption of Accounting Pronouncements

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The new guidance clarifies the definitions of reciprocal and non-reciprocal transactions and modifies the criteria used to evaluate conditional vs. unconditional contributions. In addition, the new guidance defines that a conditional contribution exists when the agreement contains both a right of return of the contributed asset and a barrier that must be overcome. The guidance is effective for the Organization for years beginning after December 15, 2019. The Organization early adopted this guidance on January 1, 2020. The adoption of this guidance has no impact on how the Organization accounts for its grantmaking activities.

Affirmations Lesbian and Gay Community Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE B – RESTRICTED CASH AND CASH EQUIVALENTS

The Organization entered into a cancellable ten-year agreement with Building For the Future, Inc. beginning August 1, 2008 to participate in a program that helped build cash reserves for building system replacement and preventative maintenance. The agreement provided for matching grants for building system replacement and preventative maintenance contracts subject to the terms of the agreement. The program ended December 31, 2018. However, the Organization is still required to hold the funds for the purpose of carrying out building system replacements.

The following is a summary of the activity in the reserve account for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 133,563	\$ 136,345
Deposits	-	-
Matching grants	-	-
Expenses for building maintenance	<u>-</u>	<u>(2,782)</u>
Ending balance	<u>\$ 133,563</u>	<u>\$ 133,563</u>

NOTE C – OTHER ASSETS

The Organization has established an endowment at Community Foundation for Southeastern Michigan. The funds are held in perpetuity at the Foundation solely for the benefit of the Organization. The endowment is valued at the present value of the estimated future cash flows from the endowment. Annual grant payments may be equal to 5% of the average market value of the fund. During the years ended December 31, 2020 and 2019, the Organization received distributions in the form of grants in the amounts of \$30,436 and \$29,565, respectively.

The endowment is a reciprocal transfer which is recorded on the books of the Organization at market value. At years ended December 31, 2020 and 2019, the endowment fund had a market value of \$43,331 and \$40,458, respectively.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE D – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides 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 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Fair Value Measurements

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2 Fair Value Measurements

Inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurements

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Affirmations Lesbian and Gay Community Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE D – FAIR VALUE MEASUREMENTS – CONTINUED

The following is a description of the valuation methodologies used for assets measured at fair value.

Certificates of Deposit

The fair value of the certificates of deposit are based on quoted market price values of the shares associated with the two certificates of deposit held at year end.

Mutual Funds

The fair value of mutual funds is based on quoted net assets values of the shares held at year end.

Common Stock, Corporate Bonds, and U.S. Government Securities

The fair values of common stock, corporate bonds, and U.S. government securities are valued at the closing price reported on the active market on which the individual securities are traded.

The asset or liability's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a summary of the activity of the other assets for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 40,458	\$ 35,781
Change in investment	4,800	6,549
Fees paid	(193)	(187)
Grants paid	<u>(1,734)</u>	<u>(1,685)</u>
Ending balance	<u>\$ 43,331</u>	<u>\$ 40,458</u>

Affirmations Lesbian and Gay Community Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE D – FAIR VALUE MEASUREMENTS – CONTINUED

This class includes a beneficial interest in an endowment fund at the Community Foundation for Southeastern Michigan. The fair values of the investment in this class have been estimated using information provided by Community Foundation for Southeastern Michigan.

Fair value of assets measured on a recurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date is as follows:

	Fair Value December <u>31, 2020</u>	Quoted Prices In Active Markets for Identical Assets <u>(Level 1)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Registered investment company	\$ 85,619	\$ 85,619	\$ -
Other assets	<u>43,331</u>	<u>-</u>	<u>43,331</u>
Total	<u>\$ 128,950</u>	<u>\$ 85,619</u>	<u>\$ 43,331</u>

	Fair Value December <u>31, 2019</u>	Quoted Prices In Active Markets for Identical Assets <u>(Level 1)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Registered investment company	\$ 70,222	\$ 70,222	\$ -
Other assets	<u>40,458</u>	<u>-</u>	<u>40,458</u>
Total	<u>\$ 110,680</u>	<u>\$ 70,222</u>	<u>\$ 40,458</u>

Affirmations Lesbian and Gay Community Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE E – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of donor imposed restrictions that do not lapse within one year of the financial position date.

The following computes financial assets available to meet cash needs for general expenditure within one year:

Financial assets at year-end	\$ 765,675
Less those unavailable for general expenditures within one year due to:	
Restricted use for building system	(133,563)
Restricted for youth program	(83,527)
Restricted for marketing campaign	<u>(3,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 545,585</u>

To meet cash demands, the Organization obtains funds through fund-raising events and donations from the public to support general expenditures.

Affirmations Lesbian and Gay Community Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions consists of grants to the Organization from donors for specific purposes. The funds have been designated for the following purposes:

	<u>2020</u>	<u>2019</u>
Building system replacement	\$ 133,563	\$ 133,563
Marketing campaign	3,000	-
Operations	25,000	25,000
Youth program	83,527	-
Women’s programming	<u>-</u>	<u>4,900</u>
	<u>\$ 245,090</u>	<u>\$ 163,463</u>

The company’s policy is to recognize revenue from the grants received as the associated costs are incurred.

NOTE G – DONATED SERVICES AND ITEMS

A substantial number of non-professional volunteers donate hours for the Organization’s programs. No values of donated services are reflected in the accompanying financial statements because these services have not created or enhanced a non-financial asset, nor are they specialized skills provided by entities or persons possessing those skills that would be purchased if they were not donated.

Contributed professional services are recognized if the services received create or enhance long-lived assets, or are provided by individuals possessing specialized skills that would otherwise need to be purchased if not provided by donation. In-kind donations are reported at its fair value on the date of donation.

Affirmations Lesbian and Gay Community Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE G – DONATED SERVICES AND ITEMS - CONTINUED

Donated services and items, included in total contributions, for the year ended December 31, 2019 were as follows:

Fixed assets	\$ 18,388
Event costs	<u>39,142</u>
Total	<u>\$ 57,530</u>

NOTE H – PENSION PLAN

The Organization was a member of the United Way and Affiliates Employee Benefit Plan and the eligible employees were covered by the plan.

In 2008, the Organization notified the plan of its decision to withdraw from the plan effective December 31, 2008. Under the terms of the withdrawal agreement, the Organization was ordered to pay a shortfall based on the estimated liability at the date of the withdrawal. The Organization paid \$15,000 in 2020 toward the obligation and plans to pay the remainder in \$15,000 increments over the next four years. The shortfall was \$60,000 as of December 31, 2020.

NOTE I – SBA PPP LOAN

The note payable to bank arose under the U.S. Small Business Administration's Paycheck Protection Program, pursuant to Sections 1102 and 1106 of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). Under Sections 1106 of the CARES Act, some or the full amount of the loan of \$65,600 may be forgiven for payroll cost, interest, rent and utilities incurred. The note has been recorded under ASC 470 as a debt obligation. The amount to be forgiven will be recorded as a gain on extinguishment of the debt in the year the debt is forgiven by the SBA. The Organization anticipates forgiveness of the entire loan balance as the funds were used to cover qualified payroll expense. This loan bears interest at a fixed rate of 1.00%. The loan is payable in monthly installments commencing in December 2020 with final payment due in May 2022.

Affirmations Lesbian and Gay Community Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE J – SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2020, the most recent statement of financial position presented herein, through May 24, 2021, the date the financial statements were issued. No such significant events or transactions were identified.

In response to orders by the Governor of the State of Michigan due to the global coronavirus pandemic, the organization closed its business on a short-term basis. The organization does not know the overall effect on operations from closing its business and the resulting economic downturn.

SUPPLEMENTAL INFORMATION

Affirmations Lesbian and Gay Community Center

STATEMENTS OF DIRECT PUBLIC SUPPORT

Years ended December 31,

	2020		2019	
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions
Individual Corporate and Organizational	\$ 279,957	\$ -	\$ 204,505	\$ -
	25,533	-	40,582	-
		Total		Total
		\$ 279,957		\$ 204,505
Total Direct Public Support	\$ 305,490	\$ -	\$ 245,087	\$ -
		\$ 305,490		\$ 245,087