

**NEW YORK CITY GAY AND LESBIAN
ANTI-VIOLENCE PROJECT, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
New York City Gay and Lesbian Anti-Violence Project, Inc.

We have audited the accompanying statements of financial position of New York City Gay and Lesbian Anti-Violence Project, Inc. (the "Agency") as of June 30, 2012 and 2011 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. These 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of New York City Gay and Lesbian Anti-Violence Project, Inc. as of June 30, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


Lederer, Levine & Associates, LLC

New York, NY
November 19, 2012

NEW YORK CITY GAY AND LESBIAN ANTI-VIOLENCE PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Cash and cash equivalents (Notes B and G)	\$ 1,890	\$ 6,428
Contributions receivable (Note C)	278,488	187,573
Government grants receivable (Note H)	243,917	208,106
Prepaid expenses and other assets	29,688	27,388
Property and equipment, net (Notes B and D)	49,640	56,795
Security deposits	17,787	18,672
TOTAL ASSETS	\$ 621,410	\$ 504,962
LIABILITIES		
Accrued expenses and other payables	\$ 376,696	\$ 179,000
Refundable advances	16,557	11,286
Loans payable (Note E)	220,997	140,996
Deferred rent (Note H)	117,822	145,998
TOTAL LIABILITIES	732,072	477,280
COMMITMENTS AND CONTINGENCIES (Note H)		
NET ASSETS (DEFICIT) (Note J)		
Unrestricted (deficit)	(443,352)	(235,226)
Temporarily restricted (Note I)	332,690	262,908
TOTAL NET ASSETS (DEFICIT)	(110,662)	27,682
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 621,410	\$ 504,962

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

NEW YORK CITY GAY AND LESBIAN ANTI-VIOLENCE PROJECT, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012		2011	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
	Total	Total	Total	Total
SUPPORT AND REVENUE:				
Special events-revenue	\$ 180,068	\$ 180,068	\$ 188,396	\$ 188,396
Less: cost of direct benefits to donors	(30,715)	(30,715)	(31,980)	(31,980)
Net revenue from special events	149,353	149,353	156,416	156,416
Government grants (Note H)	1,440,130	1,440,130	1,201,400	1,201,400
Contributions	276,124	304,255	350,332	393,568
Donated goods and services (Note F)	366,440	366,440	330,151	330,151
Other income	56,783	56,783	36,478	36,478
Net assets released from restrictions	234,473	(234,473)	154,300	(154,300)
TOTAL SUPPORT AND REVENUE	2,523,303	2,593,085	2,229,077	2,468,345
EXPENSES:				
Program services	2,030,596	2,030,596	1,783,490	1,783,490
Management and general	431,256	431,256	281,500	281,500
Fundraising and development	269,577	269,577	345,821	345,821
TOTAL EXPENSES	2,731,429	2,731,429	2,410,811	2,410,811
Change in Net Assets	(208,126)	(138,344)	(181,734)	57,534
Net Assets (Deficit) - Beginning of Year	(235,226)	27,682	(53,492)	(29,852)
Net Assets (Deficit) - End of Year	\$ (443,352)	\$ (110,662)	\$ (235,226)	\$ 27,682

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

NEW YORK CITY GAY AND LESBIAN ANTI-VIOLENCE PROJECT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

2012

	Program Services	Management and General	Fundraising and Development	Total
Salaries	\$ 1,036,154	\$ 194,488	\$ 156,834	\$ 1,387,476
Payroll taxes and employee benefits	222,377	41,713	33,569	297,659
Total salaries and related costs	1,258,531	236,201	190,403	1,685,135
Professional fees and consultants (Note F)				
Hotline volunteers (Note F)	254,696	95,143	14,310	364,149
Occupancy	164,053			164,053
Special events (Note F)	203,728	38,215	30,837	272,780
Program activities			38,228	38,228
Travel and transportation	29,065	4,560		33,625
Printing and design	22,465	6,684	200	29,349
Equipment rental	8,922		7,011	15,933
Repairs and maintenance	5,578	1,018	821	7,417
Telephone and communication	16,612	7,623	2,995	27,230
Office and program supplies	21,940	4,075	1,921	27,936
Postage and mailing	10,809	3,039	566	14,414
Interest expense	2,098	653	1,120	3,871
Insurance		7,903		7,903
Staff expenses and dues	5,878	1,103	890	7,871
Fees and assessments	8,181	209	2,884	11,274
Depreciation and amortization		21,446	5,375	26,821
	18,040	3,384	2,731	24,155
Sub-total	2,030,596	431,256	300,292	2,762,144
Less: expenses deducted directly from revenues on the statements of activities			30,715	30,715
Total Expenses	\$ 2,030,596	\$ 431,256	\$ 269,577	\$ 2,731,429

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

NEW YORK CITY GAY AND LESBIAN ANTI-VIOLENCE PROJECT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2011			
	Program Services	Management and General	Fundraising and Development	Total
Salaries	\$ 892,502	\$ 108,795	\$ 184,378	\$ 1,185,675
Payroll taxes and employee benefits	174,842	21,312	36,119	232,273
Total salaries and related costs	1,067,344	130,107	220,497	1,417,948
Professional fees and consultants (Note H)	186,674	85,500	41,092	313,266
Hotline volunteers (Note H)	152,919			152,919
Occupancy	206,135	25,128	42,585	273,848
Special events (Note H)			39,476	39,476
Program activities	14,000			14,000
Travel and transportation	46,097	4,245	356	50,698
Printing and design	5,871	1,542	11,827	19,240
Equipment rental	9,222	1,191	1,905	12,318
Repairs and maintenance	13,572	3,050	1,485	18,107
Telephone and communication	23,280	3,798	1,662	28,740
Office and program supplies	11,050	1,617	282	12,949
Postage and mailing	1,376	751	4,288	6,415
Interest expense		10,886		10,886
Insurance	5,483	668	1,133	7,284
Staff expenses and dues	4,083	2,338		6,421
Fees and assessments		6,341	3,842	10,183
Depreciation and amortization	35,584	4,338	7,350	47,272
Miscellaneous	800		21	821
Sub-total	1,783,490	281,500	377,801	2,442,791
Less: expenses deducted directly from revenues on the statements of activities			31,980	31,980
Total Expenses	\$ 1,783,490	\$ 281,500	\$ 345,821	\$ 2,410,811

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

**NEW YORK CITY GAY AND LESBIAN ANTI-VIOLENCE PROJECT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (138,344)	\$ 57,534
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	24,155	47,272
Deferred rent	(28,176)	(20,564)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	(90,915)	(182,632)
Government grants receivable	(35,811)	213,199
Prepaid expenses and other assets	(2,300)	(12,265)
Security deposits	885	
Increase (decrease) in liabilities:		
Accrued expenses and other payables	197,696	19,152
Refundable advances	5,271	(20,566)
Net Cash (Used) Provided by Operating Activities	<u>(67,539)</u>	<u>101,130</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment acquisitions	<u>(17,000)</u>	
Net Cash Used by Investing Activities	<u>(17,000)</u>	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans payable	165,900	96,000
Principal repayments of loans payable	<u>(85,899)</u>	<u>(249,998)</u>
Net Cash Provided (Used) by Financing Activities	<u>80,001</u>	<u>(153,998)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,538)	(52,868)
Cash and cash equivalents - beginning of year	<u>6,428</u>	<u>59,296</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,890</u>	<u>\$ 6,428</u>
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 7,903</u>	<u>\$ 10,886</u>

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

NEW YORK CITY GAY AND LESBIAN ANTI-VIOLENCE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

Note A – Organization and Nature of Activities

The New York City Gay and Lesbian Anti-Violence Project, Inc (“AVP”) (the “Agency”) empowers lesbian, gay, bisexual, transgender, queer and HIV-affected (“LGBTQH”) communities and allies to end all forms of violence through organizing and education, and support survivors through counseling and advocacy. AVP operates a free and confidential 24-hour bilingual hotline staffed by AVP staff and trained volunteers, provide crisis intervention, safety planning, counseling and advocacy to individual survivors of violence and engages in community outreach and education about the nature and pattern of violence within and against LGBTQH communities in New York City. AVP coordinates a NYS LGBTQH Domestic Violence Network which addresses LGBTQH domestic violence throughout the state. AVP also educates non-LGBTQH service providers, including the law enforcement agencies, in NYS about violence within and against the LGBTQH communities. AVP coordinates NCAVP (“National Coalition of Anti-Violence Programs”) which is a national coalition of programs that addresses the pervasive problem of violence committed against and within the LGBTQH throughout the United States.

AVP receives its principal revenue from governmental sources and contributions from the general public.

AVP is a not-for-profit corporation exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

Note B – Summary of Significant Accounting Policies

Basis of Accounting

The Agency follows accounting principles generally accepted in the United States of America (“U.S. GAAP”) which include certain specialized requirements set forth in publications of the Financial Accounting Standards Board.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is November 19, 2012.

Accounting for Uncertainty in Income Taxes

The Agency’s accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax. The Agency is no longer subject to examination by federal or state tax authorities for fiscal years prior to 2008.

Cash and Cash Equivalents

The Agency considers all highly liquid investments with a maturity of less than three months to be cash equivalents.

Restricted Contributions

Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions that are restricted by the donor 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 reclassified to unrestricted net assets.

Contributed Services and Materials

Contributed services and materials are recorded at the estimated fair value.

NEW YORK CITY GAY AND LESBIAN ANTI-VIOLENCE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)

Note B – Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives. The Agency capitalizes property and equipment with a useful life of two years or more and a cost of \$1,000 or more, unless the acquisition is reimbursed by a government grant, and the grantor retains title to the property or equipment. In those instances, the purchase is expensed in the year incurred.

Fair Value Measurements

U. S. GAAP has established a fair value hierarchy organized into three levels based upon the "input" assumptions used in pricing assets. Level 1 inputs relate to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices that are observable either directly or indirectly with fair value being determined through the use of models or other valuation methodologies. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Reclassification

Certain line items in the June 30, 2011 financial statements have been reclassified to conform to the June 30, 2012 presentation.

Note C – Contributions Receivable

Contributions receivable consist of the following as of June 30, 2012 and 2011:

Unconditional promises to be collected in:

	<u>2012</u>	<u>2011</u>
Less than one year	\$ 228,488	\$ 72,573
One to five years	<u>50,000</u>	<u>115,000</u>
	<u>\$ 278,488</u>	<u>\$ 187,573</u>

Unconditional promises to give that are expected to be collected in future years have not been discounted to present value as the discount amount is not material to these financial statements.

NEW YORK CITY GAY AND LESBIAN ANTI-VIOLENCE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)

Note D – Property and Equipment

Property and equipment consist of the following as at June 30, 2012 and 2011:

	Estimated Useful Lives	2012	2011
Computers	3 years	\$ 188,086	\$ 188,086
Furniture and equipment	5 years	227,651	227,651
Leasehold improvements	7 to 30 years	193,249	188,749
Website	3 years	12,500	
		<u>621,486</u>	<u>604,486</u>
Less: accumulated depreciation and amortization		<u>(571,846)</u>	<u>(547,691)</u>
		<u>\$ 49,640</u>	<u>\$ 56,795</u>

Note E – Loans Payable

- 1) AVP was a borrower on a demand line of credit with a bank, to a maximum of \$200,000. Interest was at the bank's prime rate plus 1.5 percent. In June, 2011, an amendment (the "Amendment") to the loan documents was executed. Under the Amendment, the payment terms changed, resulting in 60 monthly payments of fixed principal in the amount of approximately \$3,000, plus accrued interest. The maturity date of the loan is May, 2015. The interest rate is a variable rate at the bank's prime rate plus 2.50%. The interest rate at June 30, 2012 was 5.75%. At June 30, 2012, the balance on the loan was \$104,997.
- 2) During the fiscal year ending June 30, 2012, nine interest free loans were made to AVP by various Board Members and the Executive Director. At June 30, 2012, the outstanding balances on the seven remaining loans amounted to \$76,000.
- 3) During the fiscal year ending June 30, 2012, an interest free loan was made to AVP by a non-profit organization. At June 30, 2012 the outstanding balance on the loan amounted to \$40,000.

Principal payments on loans payable for the years subsequent to June 30, 2012 are as follows:

June 30, 2013	\$ 152,000
2014	36,000
2015	<u>32,997</u>
	<u>\$ 220,997</u>

Note F – Donated Goods and Services

Donated goods and services consisted of the following for the years ended June 30, 2012 and 2011:

	2012	2011
Hotline volunteers	\$ 164,053	\$ 152,919
Strategic plan fees		70,000
Consultants	138,400	61,100
Lobbying fees	42,000	42,000
Special event expenses	6,855	4,132
Space rental - program activities	3,600	
Leasehold improvements	4,500	
Other event expenses	4,169	
Travel	1,885	
Telephone	978	
	<u>\$ 366,440</u>	<u>\$ 330,151</u>

NEW YORK CITY GAY AND LESBIAN ANTI-VIOLENCE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)

Note G – Concentration of Credit Risk

The Agency maintains several bank accounts at a bank which is an institution insured by the Federal Deposit Insurance Corporation (FDIC) which provides unlimited coverage for non-interest bearing accounts effective December 31, 2010 and continuing through December 31, 2013. As of June 30, 2012 and 2011 there were no uninsured cash balances.

Note H – Commitments and Contingencies

The Agency leases real property for program and administrative purposes. Rental expense amounted to approximately \$235,000 for the years ended June 30, 2012 and 2011. The Agency has entered into various equipment lease agreements.

- 1) Approximate future minimum annual rental commitments under noncancelable lease obligations are as follows:

	Office Rent	Equipment Rent	Totals
For the years ended June 30, 2013	\$ 269,000	\$ 5,600	\$ 274,600
2014	277,000	5,600	282,600
2015	213,000	2,000	215,000
	\$ 759,000	\$ 13,200	\$ 772,200

AVP records rent expense on the straight line basis as required under accounting principles generally accepted in the United States of America. Deferred rent expense amounted to \$117,822 and \$145,998 at June 30, 2012 and 2011, respectively.

- 2) A substantial amount of the Agency's revenues are government reimbursements. Revenues and related expenses are subject to audit verification by the funding agencies. The accompanying financial statements make no provision for possible disallowances. Although such disallowances could be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.

Note I – Temporarily Restricted Net Assets

Temporarily restricted net assets are subject to the following restrictions at June 30:

	2012	2011
Purpose restrictions:		
NCAVP (also time restricted)	\$ 102,417	\$ 5,259
DV program support	13,116	5,000
SV program support	50,000	
Bronx program(a)	167,157	252,649
	\$ 332,690	\$ 262,908

- (a) Includes \$115,000 that is also subject to time restrictions

NEW YORK CITY GAY AND LESBIAN ANTI-VIOLENCE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)

Note J – Net Assets (Deficit)

At June 30, 2012, AVP's net assets were in a deficit position of approximately \$111,000. Going forward, AVP is working to increase revenue in FY13 by \$480,000 through increasing government funding (\$1,440,130 in FY12 to \$1,764,222 in FY13 [nearly all of which is committed for FY13]), special events (\$180,068 in FY12 to \$234,000 in FY13 [in FY13 to date we saw an 18% increase from FY12 in funds raised in our signature event]), foundations (from \$304,255 in FY12 to \$385,000 in FY13 [\$60,000 of which has already been committed for FY13]) and contributions (from \$276,124 in FY12 to \$297,000 in FY13 [with an additional \$87,000 in new contributions already raised in FY13]). In addition, AVP has budgeted debt service as a priority item and will reduce the debt by \$128,000 (\$92,000 in repayment of Board and staff loans and \$36,000 in our line of credit while reducing personnel costs (by 12% from FY12 to FY13) and fixed expenses where possible while not incurring new expenses. In FY12, we began to limit new unfunded program growth, and budgeted to cover the full costs of operations (including asset purchases and repairs) as well as debt service and reserves, and continued utilizing scenario planning processes and tools, developed in FY11, to help manage unanticipated expenses or funding losses throughout the year (from budget planning to quarterly budget analysis). In addition to increasing revenue and decreasing expenses, in FY13, AVP has taken specific steps to eliminate the deficit, including: working with a consultant to implement a sustainable private (individual, corporations, foundations) fundraising plan to meet the FY13 projections on special events, foundations and contributions and seeking supplemental funding to cover existing uncovered costs from existing and new funders both corporate and foundation. As of October 2012 we are have reached 49% of our private funding goals.