

**GAY ALLIANCE OF THE
GENESEE VALLEY, INC. D/B/A
OUT ALLIANCE**

FINANCIAL STATEMENTS

December 31, 2018



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Gay Alliance of the Genesee Valley, Inc. D/B/A Out Alliance
Rochester, New York

We have audited the accompanying financial statements of Gay Alliance of the Genesee Valley, Inc. D/B/A Out Alliance (a New York nonprofit organization), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of cash flows for the years then ended, the related statements of activities and functional expenses for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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. 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 error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

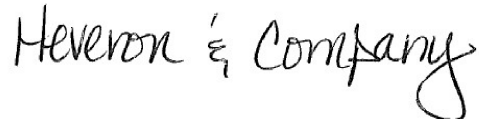
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gay Alliance of the Genesee Valley, Inc. D/B/A Out Alliance as of December 31, 2018 and 2017, and its cash flows for the years then ended, and the changes in net assets and functional expenses for the year ended December 31, 2018 in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Gay Alliance of the Genesee Valley, Inc. D/B/A Out Alliance's 2017 statements of activities and functional expenses, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2018. In our opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2017 is consistent in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Heveron & Company".

Heveron & Company
Certified Public Accountants

Rochester, New York
November 8, 2019

GAY ALLIANCE OF THE GENESEE VALLEY, INC. D/B/A OUT ALLIANCE
BALANCE SHEETS
December 31, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 24,822	\$ 118,441
Accounts Receivable	25,677	22,124
Investments Held by The Community Foundation	64,657	224,604
Prepaid Expenses	<u>-</u>	<u>5,000</u>
 Total Current Assets	 <u>115,156</u>	 <u>370,169</u>
<u>Property and Equipment</u>		
Leasehold Improvements	91,900	91,900
Equipment and Furnishings	15,479	12,249
Library Collections	35,637	35,637
Less: Accumulated Depreciation	<u>(102,517)</u>	<u>(82,385)</u>
 Net Property and Equipment	 <u>40,499</u>	 <u>57,401</u>
<u>Other Assets</u>		
Deposits	<u>2,300</u>	<u>2,300</u>
 TOTAL ASSETS	 <u>\$ 157,955</u>	 <u>\$ 429,870</u>

LIABILITIES AND NET ASSETS

	<u>2018</u>	<u>2017</u>
<u>Current Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 98,073	\$ 18,896
Line of Credit	24,101	-
Current Portion of Long-Term Debt	<u>4,834</u>	<u>24,728</u>
Total Current Liabilities	<u>127,008</u>	<u>43,624</u>
 <u>Long-Term Liabilities</u>		
Long-Term Debt	<u>7,718</u>	<u>2,117</u>
Total Liabilities	<u>134,726</u>	<u>45,741</u>
 <u>Net Assets</u>		
Without Donor Restriction:		
Undesignated	23,229	373,066
With Donor Restrictions:		
Purpose Restrictions	<u>-</u>	<u>11,063</u>
Total Net Assets	<u>23,229</u>	<u>384,129</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 157,955</u>	<u>\$ 429,870</u>

See Independent Auditors' Report and Notes to Financial Statements.

GAY ALLIANCE OF THE GENESEE VALLEY, INC. D/B/A OUT ALLIANCE
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>	
			<u>2018</u>	<u>2017</u>
<u>Support and Revenue</u>				
Support:				
Gifts and Contributions	\$ 182,931	\$ -	\$ 182,931	\$ 166,312
United Way	34,911	-	34,911	47,030
Grants	29,510	-	29,510	26,242
Special Events	261,092	-	261,092	250,093
Less: Direct Benefit to Donors	(152,613)	-	(152,613)	(72,500)
Revenue:				
Community Education Fees	151,084	-	151,084	167,268
Advertising	44,119	-	44,119	50,295
Other Income	10,138	-	10,138	6,709
Net Investment Returns	(4,947)	-	(4,947)	33,530
Net Assets Released from Restriction	<u>11,063</u>	<u>(11,063)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>567,288</u>	<u>(11,063)</u>	<u>556,225</u>	<u>674,979</u>
<u>Expenses</u>				
Program Services	459,454	-	459,454	397,757
Supporting Services:				
Management and General	249,843	-	249,843	148,865
Fund Raising	<u>207,828</u>	<u>-</u>	<u>207,828</u>	<u>119,168</u>
Total Expenses	<u>917,125</u>	<u>-</u>	<u>917,125</u>	<u>665,790</u>
Change in Net Assets	(349,837)	(11,063)	(360,900)	9,189
Net Assets - Beginning of Year	<u>373,066</u>	<u>11,063</u>	<u>384,129</u>	<u>374,940</u>
Net Assets - End of Year	<u>\$ 23,229</u>	<u>\$ -</u>	<u>\$ 23,229</u>	<u>\$ 384,129</u>

See Independent Auditors' Report and Notes to Financial Statements.

GAY ALLIANCE OF THE GENESEE VALLEY, INC. D/B/A OUT ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	Program Services					Supporting Services			Totals	
	Community			Youth	Other	Management	Fund	Direct Benefit		
	Newspaper	Education	SAGE	Programs	Programs	and General	Raising	to Donors	2018	2017
Salaries	\$ 52,030	\$ 99,004	\$ 20,503	\$ 2,018	\$ 2,523	\$ 108,792	\$ 30,047	\$ -	\$ 314,917	\$ 271,954
Payroll Taxes and Benefits	6,973	13,267	2,747	270	338	14,578	4,026	-	42,199	38,791
Total Personnel Expenses	59,003	112,271	23,250	2,288	2,861	123,370	34,073	-	357,116	310,745
Professional Fees	14,929	3,776	150	1,500	18,835	44,414	101,595	-	185,199	71,417
Printing and Postage	65,459	5,432	198	-	236	4,869	21,595	-	97,789	48,418
Equipment Rental and										
Maintenance	46	100	350	621	1,569	12,705	1,319	59,846	76,556	50,255
Occupancy	3,271	7,221	8,880	3,685	25,417	6,440	5,321	-	60,235	52,044
Supplies and Decorations	86	677	208	1,811	1,062	5,269	1,658	39,607	50,378	26,097
Music and Entertainment	-	-	835	400	3,669	1,430	-	42,391	48,725	6,359
Food and Catering	614	1,452	19,367	125	6,824	294	7,667	10,769	47,112	17,980
Meeting and Conferences	4,521	16,972	1,346	52	317	5,712	11,018	-	39,938	41,398
Advertising	228	-	-	-	-	10,832	14,695	-	25,755	31,514
Depreciation Expense	1,007	2,416	3,020	1,208	8,455	2,214	1,812	-	20,132	19,746
Office Supplies	575	615	399	-	126	11,182	4,563	-	17,460	19,752
Other Expenses	179	481	1,523	43	4,656	7,522	1,125	-	15,529	6,662

GAY ALLIANCE OF THE GENESEE VALLEY, INC. D/B/A OUT ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)
(Continued)

	Program Services					Supporting Services			Totals	
	Community		SAGE	Youth	Other	Management	Fund	Direct Benefit		
	Newspaper	Education		Programs	Programs	and General	Raising	to Donors	2018	2017
Insurance	607	1,340	1,647	684	4,715	1,194	987	-	11,174	10,147
Bank and Interest Expense	-	-	-	-	-	8,167	-	-	8,167	10,615
Telephone and Internet	246	543	667	277	1,911	484	400	-	4,528	6,182
Payroll Processing	-	-	-	-	-	2,457	-	-	2,457	1,005
Small Equipment Purchases	-	-	-	-	200	1,288	-	-	1,488	7,954
Total Expenses	150,771	153,296	61,840	12,694	80,853	249,843	207,828	152,613	1,069,738	738,290
Less Expenses Included with Support on the Statement of Activities	-	-	-	-	-	-	-	(152,613)	(152,613)	(72,500)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 150,771	\$ 153,296	\$ 61,840	\$ 12,694	\$ 80,853	\$ 249,843	\$ 207,828	\$ -	\$ 917,125	\$ 665,790

See Independent Auditors' Report and Notes to Financial Statements.

GAY ALLIANCE OF THE GENESEE VALLEY, INC. D/B/A OUT ALLIANCE
STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Cash Flow From Operating Activities</u>		
Change in Net Assets	\$ (360,900)	\$ 9,189
Noncash Expenses, Revenues, Losses and Gains:		
Depreciation	20,132	19,746
Net Realized/Unrealized (Gain)/Loss on Investments	4,947	(33,530)
Decrease/(Increase) In:		
Accounts Receivable	(3,553)	(3,583)
Prepaid Expenses	5,000	(5,000)
Increase/(Decrease) In:		
Accounts Payable and Accrued Expenses	79,177	11,307
Deferred Revenue	-	(5,000)
Funds Held for Others	<u>-</u>	<u>(364)</u>
Net Cash Flow Used By Operating Activities	<u>(255,197)</u>	<u>(7,235)</u>
<u>Cash Flow From Investing Activities</u>		
Purchase of Property and Equipment	(3,230)	-
Proceeds from Sale of Investments	<u>155,000</u>	<u>2,113</u>
Cash Flow Provided By Investing Activities	<u>151,770</u>	<u>2,113</u>
<u>Cash Flow From Financing Activities</u>		
Proceeds from Line of Credit	24,101	-
Payments on Long Term Debt	<u>(14,293)</u>	<u>(23,524)</u>
Cash Flow Provided/(Used) By Financing Activities	<u>9,808</u>	<u>(23,524)</u>
Net Decrease in Cash and Cash Equivalents	(93,619)	(28,646)
Cash and Cash Equivalents - Beginning of Year	<u>118,441</u>	<u>147,087</u>
Cash and Cash Equivalents - End of Year	<u>\$ 24,822</u>	<u>\$ 118,441</u>
<u>Supplemental Disclosures of Cash Flow Information:</u>		
Amount Paid During The Year For:		
Interest	<u>\$ 1,237</u>	<u>\$ 1,984</u>

See Independent Auditors' Report and Notes to Financial Statements.

GAY ALLIANCE OF THE GENESEE VALLEY, INC. D/B/A OUT ALLIANCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Gay Alliance of the Genesee Valley, Inc. D/B/A Out Alliance (the Alliance) is a not-for-profit organization, dedicated to cultivating a healthy, inclusive environment where individuals of all sexual orientations and gender expressions are safe and thriving, and enjoy full civil rights. The Alliance was founded in 1973 and serves the needs and promotes the welfare of the lesbian, gay, bisexual, and transgender (LGBTQ) community in Rochester, New York and surrounding areas. The Alliance is supported by grants, donations, advertising, and community education fees.

The main programs of the Alliance are as follows:

Empty Closet Publication: Primary information source for the LGBTQ community in the Rochester region.

Community Education: Provides training and education for area schools, universities, and businesses to foster an inclusive and safe community for LGBTQ people and their families.

SAGE: Provides social and education programs to enhance the lives of LGBTQ elders.

Youth Programs: Provides comprehensive advocacy and support services to LGBTQ and questioning youth and their families in the Rochester region.

Other Programs include:

Library and History: The Library and Archives has a collection of over 5,000 items.

Shoulders to Stand On: A history project that captures the stories, struggles, and achievements of the LGBTQ pioneers.

Special Event

Rochester Pride: To provide a forum to celebrate the culture, history, and accomplishments of the community; to provide an opportunity for networking and outreach to all individuals.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**GAY ALLIANCE OF THE GENESEE VALLEY, INC. D/B/A OUT ALLIANCE
NOTES TO FINANCIAL STATEMENTS**

December 31, 2018

(Continued)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Net Assets

In accordance with accounting principles generally accepted in the United States of America, the Alliance reports information regarding its financial position and activities according to the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, based on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

A portion of the Alliance's revenue is derived from grants, generally on a reimbursement-of-cost basis. Amounts received, but not yet earned are reported as deferred revenue. Additional revenues are derived from advertising.

Revenue is recognized as grant restrictions and requirements are met. Funding sources may, at their discretion, amend the grant and contract amounts. In addition, reimbursement for expenses or return of funds, or both, may be requested as a result of noncompliance by the Alliance with the terms of the grants and contracts. The Alliance records such amendments, reimbursements, and returns of funds, as an adjustment to revenue in the year of the amendment.

GAY ALLIANCE OF THE GENESEE VALLEY, INC. D/B/A OUT ALLIANCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates in the Preparation of Financial Statements

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could vary from those estimates.

Contributions

Contributions are recorded at the time of receipt or when evidence of a non-conditional promise to give has been received. Promises subject to conditions are not recorded as income until those conditions have been met. Contributions that are expected to be received in future years are recorded at their present value.

Accounts Receivable

Receivables are stated at the amount management expects to collect. Amounts that management believes to be uncollectible after collection efforts have been completed are written off. In addition, management evaluates the need for, and if appropriate, provides an allowance to reduce receivables to amounts management expects will be collected. Management determined that no allowances were necessary at December 31, 2018 or 2017.

Functional Expenses

The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program, management and general, and fund raising categories.

Expenses are allocated among program and supporting services on the following basis:

- (a) Management and general expenses are costs not directly related to the Alliance's purpose and include those costs for professional fees, office supplies, payroll processing fees, and bank and interest expense.
- (b) Personnel expenses are allocated on the basis of direct salaries.
- (c) Occupancy, insurance, and telephone and internet costs are allocated on the basis of space used.
- (d) Other expenses are allocated based on individual account activity.

Income Taxes

The Internal Revenue Service has determined that the Alliance is qualified as a charity exempt under Section 501(c)(3) of the Internal Revenue Code, and has also determined that the Alliance is publicly supported. As a result, no provision for federal or state income taxes has been made.

GAY ALLIANCE OF THE GENESEE VALLEY, INC. D/B/A OUT ALLIANCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs are expensed as incurred.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include all cash on hand and in banks, which, at times, may exceed federally insured limits. The Alliance considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Alliance has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

Cash and cash equivalents consisted of the following December 31:

	2018	2017
Checking	\$ 21,791	\$ 109,996
Money Market/Savings	3,031	8,445
Total	\$ 24,822	\$ 118,441

Property and Equipment

Property and equipment are stated at cost. The Alliance capitalizes property and equipment with a cost of over \$1,000 and an estimated life of more than three years. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets, as follows.

	Years
Leasehold Improvements	5
Equipment and Furnishings	5
Library Collections	7

Depreciation expense for the years ended December 31, 2018 and 2017 amounted to \$20,132 and \$19,746, respectively.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Alliance's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

GAY ALLIANCE OF THE GENESEE VALLEY, INC. D/B/A OUT ALLIANCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Determining Fair Value of Financial Assets and Liabilities

Accounting principles generally accepted in the United States of America established a 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 are described below:

Level 1: Inputs to the valuation method are unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation method include:

- 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 by other means.

Level 3: Inputs to the valuation method are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within 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.

Reclassifications

Certain account balances as of December 31, 2017 have been reclassified to conform with the presentation as of December 31, 2018.

GAY ALLIANCE OF THE GENESEE VALLEY, INC. D/B/A OUT ALLIANCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

During 2018, the Alliance adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classifications and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include, when applicable, the presentation of two classes of net assets versus the previously required three. The guidance also enhances disclosures for board designated amounts, composition of net assets with donor restrictions, liquidity, and expenses by both their natural and functional classification.

A recap of the net asset reclassifications driven by the adoption of ASU No. 2016-14 as of December 31, 2017 follows.

<u>Net Asset Classifications</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
As Previously Presented:			
Unrestricted	\$ 373,066	\$ -	\$ 373,066
Temporarily Restricted	-	11,063	11,063
Net assets, as reclassified	<u>\$ 373,066</u>	<u>\$ 11,063</u>	<u>\$ 384,129</u>

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Alliance regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Alliance considers all expenditures related to its ongoing activities to be general expenditures.

At December 31, 2018, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$ 24,822
Accounts receivable, net	25,677
Investments not restricted by donors or board	<u>64,657</u>
	<u>\$ 115,156</u>

In addition, the Alliance also has a line of credit of \$25,000 to assist with cash flow needs.

GAY ALLIANCE OF THE GENESEE VALLEY, INC. D/B/A OUT ALLIANCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018
(Continued)

NOTE 3 - LINE OF CREDIT

The Alliance currently has a Line of Credit with Canandaigua National Bank. It carries an interest rate of prime plus 1.79% and has a maximum limit of \$25,000. A balance of \$24,101 was outstanding at December 31, 2018. There was no outstanding balance at December 31, 2017.

NOTE 4 - INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair market value. Unrealized gains or losses on securities result from differences between the cost and fair market value of securities on a specified valuation date.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the accompanying financial statements.

Investments are held in investment funds managed by Rochester Area Community Foundation (the Community Foundation). As of December 31, 2018 and 2017 these amounted to \$64,657 and \$224,604, respectively, and consisted primarily of mutual funds and equity investments. The value of these holdings is based on the Organization's proportional ownership in the Community Foundation's pooled funds based on net asset value. The fair value of all of the investments is based on Level 2 inputs in the hierarchy as described in Note 1, for the years ended December 31, 2018 and 2017.

The fair value of investments held by the Community Foundation are taken from the statements that the the Community Foundation provides with investment values at year-end. The Community Foundation values the securities in the fund based on quoted market prices, when available. The Community Foundation also holds fixed income securities with no quoted market prices available. Those fixed income securities are valued based on information on comparative securities, prevailing interest rates, and other factors. The value of the investment is reported by the Community Foundation at its net asset value. There were no changes in the valuation techniques during the year.

GAY ALLIANCE OF THE GENESEE VALLEY, INC. D/B/A OUT ALLIANCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018
(Continued)

NOTE 5 - DONATED SERVICES AND GOODS

The Alliance receives donated services that, although substantial, do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. Approximately 450 active volunteers provided 16,125 and 13,500 hours of service during 2018 and 2017, respectively. These consisted of a variety of activities including board meetings, youth facilitation, presentations, advocacy, newspaper writing and distribution, library activities, and various help at special events.

The Alliance also receives donated goods and services that do meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. During the years ended December 31, 2018 and 2017, the Alliance recognized in-kind donations of \$47,525 and \$17,362, respectively. These consisted mainly of professional services, printing, food, and supplies to support the Pride event.

NOTE 6 - LEASE AGREEMENT

The Alliance has an operating lease for facilities. The lease expires July 2025 and requires monthly payments of \$5,200. Under the terms of the lease, the Alliance shall complete approximately \$250,000 of improvements to the premises. If work on the improvements has not begun by July 31, 2020, monthly rent will increase to \$5,325 beginning August 1, 2020.

The Alliance entered into an operating lease for a copier. The lease requires monthly payments of \$248 and expires January 17, 2022.

Rental expense for the years ended December 31, 2018 and 2017 totaled \$53,240 and \$44,881, respectively.

Future minimum lease payment commitments are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 65,376
2020	65,376
2021	65,376
2022	62,648
2023	62,400

GAY ALLIANCE OF THE GENESEE VALLEY, INC. D/B/A OUT ALLIANCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018
(Continued)

NOTE 7 - LONG TERM DEBT

Long-term debt consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Note payable to Smart Holdings of New York, LLC, originally in the amount of \$70,925. This note bears interest at a rate of 5%. Principal and interest were payable in monthly installments of \$2,126 through January 2019. During 2018, the note was refinanced. Under the new terms, principal and interest are payable in monthly installments of \$446 through June 2021.	\$ 12,552	\$ 26,845
Less: Current Maturities	(4,834)	(24,728)
Long-Term Portion	<u>\$ 7,718</u>	<u>\$ 2,117</u>

Maturities of long-term debt for the years after December 31, 2019 are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 5,081
2021	2,637
Total	<u>\$ 7,718</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose:

	<u>2018</u>	<u>2017</u>
Youth Programs	\$ -	\$ 11,063

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 8, 2019, which is the date the statements were available for issuance.