

**SAN DIEGO HUMAN DIGNITY FOUNDATION**

Audited Financial Statements  
December 31, 2003

**Presented By**  
*Douglas R. Ashbrook, CPA*

**SAN DIEGO HUMAN DIGNITY FOUNDATION  
TABLE OF CONTENTS  
DECEMBER 31, 2003**

	<u>Page Number</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to the Financial Statements	6-9
Management Letter	10

# *Douglas R. Ashbrook, CPA*

**Auditing, Taxation, Consulting**

Member: American Institute of Certified Public Accountants and California Society of Certified Public Accountants

---

## **INDEPENDENT AUDITOR'S REPORT**

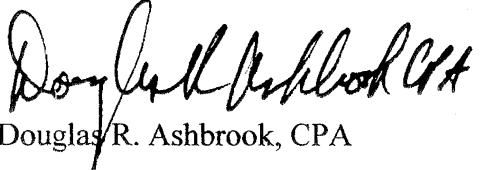
To the Board of Directors of  
San Diego Human Dignity Foundation

I have audited the accompanying statement of financial position of San Diego Human Dignity Foundation (SDHDF) as of December 31, 2003, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the SDHDF's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Diego Human Dignity Foundation as of December 31, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

April 20, 2004

  
Douglas R. Ashbrook, CPA

SAN DIEGO HUMAN DIGNITY FOUNDATION  
Statement of Financial Position  
December 31, 2003

ASSETS

Cash & cash equivalents	\$	62,034
Deposits		1,150
Charitable fund accounts (note 7)		14,696
Endowment accounts (note 7)		<u>207,052</u>
Total Assets	\$	<u>284,932</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$	1,061
Accrued payroll liabilities		<u>4,254</u>
Total Liabilities		5,315

NET ASSETS:

Unrestricted	57,869
Temporarily restricted	19,668
Permanently restricted	<u>202,080</u>
Total Net Assets	<u>279,617</u>
Total Liabilities and Net Assets	\$ <u>284,932</u>

See accompanying notes

SAN DIEGO HUMAN DIGNITY FOUNDATION  
Statement of Activities  
For the Year Ended December 31, 2003

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>REVENUE &amp; OTHER SUPPORT:</u>				
Grants-pass through	\$ 13,950	\$	\$	\$ 13,950
Contributions	47,477	110,379	65,500	223,356
Special events	145,219			145,219
In-kind donations	32,928			32,928
Donated services	39,052			39,052
Interest	387	1,787		2,174
Net assets released from restriction:				
Restrictions satisfied by payment	105,124	(105,124)		
<b>Total Revenues and Other Support</b>	<b>384,137</b>	<b>7,042</b>	<b>65,500</b>	<b>456,679</b>
<u>EXPENSES:</u>				
Program Services	241,435			241,435
Supporting Services:				
Management & general	32,944			32,944
Fund-raising	119,520			119,520
<b>Total Supporting Services</b>	<b>152,464</b>	<b>-</b>	<b>-</b>	<b>152,464</b>
<b>Total Expenses</b>	<b>393,899</b>	<b>-</b>	<b>-</b>	<b>393,899</b>
Change in Net Assets	(9,762)	7,042	65,500	62,780
Net Assets, Beginning of Year	71,986	-	144,851	216,837
Prior period adjustment	(4,355)	12,626	(8,271)	-
<b>Net Assets, End of Year</b>	<b>\$ 57,869</b>	<b>\$ 19,668</b>	<b>\$ 202,080</b>	<b>\$ 279,617</b>

See accompanying notes

SAN DIEGO HUMAN DIGNITY FOUNDATION  
Statement of Cash Flows  
For the Year Ended December 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$	62,780
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) Operating Activities:		
Endowment contributions		(65,500)
Charitable fund contributions		(110,379)
Endowment & charitable fund distributions		105,000
Endowment & charitable fund earnings		(1,669)
 (Increase)/Decrease in Current Assets:		
Deposits		(650)
 Increase/(Decrease) in Current Liabilities:		
Accounts payable		(436)
Accrued payroll liabilities		4,254
		(6,600)
Net Cash Provided by Operating Activities		(6,600)
 Net Increase/(Decrease) in Cash and Cash Equivalents		 (6,600)
 Cash and Cash Equivalents at:		
Beginning of Year		68,634
End of Year	\$	62,034

See accompanying notes

SAN DIEGO HUMAN DIGNITY FOUNDATION

Statement of Functional Expenses  
For the Year Ended December 31, 2003

	SUPPORTING SERVICES			Combined Total
	Program Services	Management & General	Fund Raising	
<u>FUNCTIONAL EXPENSES:</u>				
Salaries and wages	\$ 35,771	\$ 15,331	\$	\$ 51,102
Payroll taxes	4,196	1,799		5,995
Payroll benefits	860	369		1,229
Bank service charges		3,074		3,074
Contract labor	10,571	4,531		15,102
Development	4,269		1,067	5,336
Dues & subscriptions	585	146		731
Grants made	119,450			119,450
Insurance	4,482	1,121		5,603
In-kind donations			32,928	32,928
Donated services	31,142		7,910	39,052
License & permits	160	40		200
Marketing	6,004		1,502	7,506
Miscellaneous	1,440	360		1,800
Occupancy	6,278	1,569		7,847
Office expense	4,484	1,121		5,605
Postage	2,226	742	742	3,710
Printing	3,875	1,291	1,291	6,457
Professional fees	3,206	677		3,883
Repairs & maintenance	458	114		572
Special event expense			73,421	73,421
Telephone	1,424	475	475	2,374
Travel & entertainment	554	184	184	922
<b>Total Expenses</b>	<b>\$ 241,435</b>	<b>\$ 32,944</b>	<b>\$ 119,520</b>	<b>\$ 393,899</b>

See accompanying notes

**San Diego Human Dignity Foundation**  
**Notes to Financial Statements**  
**December 31, 2003**

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

San Diego human Dignity Foundation (the Foundation) was incorporated as a California non-profit corporation in 1996. The Foundation is committed to providing perpetual and significant funding to community based organizations serving the San Diego area's lesbian, gay, bisexual and transgender population. The Foundation raises, invests and distributes funds in partnership with donors and grantees.

Basis of Accounting

The financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles (GAAP) and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation 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.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give to the Foundation, in substance and unconditionally. It is the agency's policy to treat donor restricted contributions whose restrictions are met in the same reporting period as unrestricted.

Donated Services

The Foundation receives a substantial amount of donated services, however, not all donated services meet the criteria for recognition established by FASB 116, *Accounting for Contributions Received and Contributions Made*. As of December 31, 2003, \$39,052 was recorded for donated services that met the criteria for recognition.

Expense Allocations

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

Estimates

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



**San Diego Human Dignity Foundation**  
**Notes to Financial Statements**  
**December 31, 2003**

Note 1 - Summary of Significant Accounting Policies (cont.)

Property and Equipment

Property and equipment costing \$1,000 or more is capitalized at cost and depreciated. The fair market value of donated fixed assets is similarly capitalized. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. As of December 31, 2003, the Foundation did not have property and equipment that met the capitalization requirement.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, money market funds and certificates of deposits with an original maturity of three months or less.

Note 2 - Income Tax Status

The Foundation is a private not-for-profit corporation organized under the laws of the State of California. As a Section 501(c)(3) organization, it is exempt from income taxes on the basis that it qualifies for exemption under section 501(a) of the Internal Revenue Code, and Section 23701(d) of the State Revenue and Taxation Code. The Foundation is liable for income tax on unrelated business income. This income is limited to advertising income received for ads placed in their Springtime Gala program. The advertising income is offset by the direct costs of the advertising. The net amount of this unrelated business income is immaterial and therefore no provision for income taxes is included in the accompanying financial statements.

Note 3 - In-kind Donations

The Foundation received \$32,928 in donations for the 2003 Gala Silent Auction.

Note 4 - Special Events

The Foundation hosts special events to raise funds. As of December 31, 2003, revenue from special events is as follows:

	<u>Revenue</u>	<u>Expense</u>	<u>Net Income</u>
Springtime Gala	\$ 131,046	\$ 66,837	\$ 64,209
Cruise	12,600	6,230	6,370
Summer Women's Network	<u>1,573</u>	<u>354</u>	<u>1,219</u>
Total Special Events	<u>\$ 145,219</u>	<u>\$ 73,421</u>	<u>\$ 71,798</u>

**San Diego Human Dignity Foundation**  
**Notes to Financial Statements**  
**December 31, 2003**

Note 5 - Deposits

Deposits as of December 31, 2003 are as follows:

Rental deposit	\$ 650
Gala 2004 venue deposit	<u>500</u>
Total Deposits	<u>\$ 1,150</u>

Note 6 - Grants

San Diego Human Dignity Foundation makes various grants in accordance with donors, donor advised fund agreements, and its mission to improve the quality of life within San Diego's lesbian, gay, bisexual and transgender community by addressing specific needs. During the year ended December 31, 2003, the Foundation awarded the following grants:

Bienestar	\$ 15,000
Diversionary Theater	11,500
Mama's Kitchen	11,500
SD Youth & Community Services	10,000
YWCA of San Diego County	10,000
Walden Family Services	10,000
Family Matters of San Diego	8,000
Asian Pacific Islander Community AIDS Program	8,000
UCSD LGBT Resource Center	7,500
Gay Men's Chorus	5,000
SD Women's Chorus	5,000
Gay, Lesbian, & Straight Education Network	2,500
Outfest San Diego	1,000
Family Pride Coalition	<u>500</u>
Total Grants Awarded	<u>\$105,500</u>

The Foundation may also help facilitate donations to specific organizations from individuals or other funders with pass-through grants. As of December 31, 2003, pass-through grants were distributed as follows:

Stepping Stone of San Diego, Inc.	\$ 6,000
HIV Funding Collaborative	5,000
Something Special Food Pantry	2,450
The Center	<u>500</u>
Total Pass-through Grants	<u>\$ 13,950</u>

**San Diego Human Dignity Foundation**  
**Notes to Financial Statements**  
**December 31, 2003**

Note 7 - Net Assets

The Foundation has received funds to establish permanently restricted endowments funds. Earnings allocated by the Foundation to the endowment funds are available for distribution for various purposes under the endowment agreements. The Foundation also received funds to establish temporarily restricted charitable funds; principal and earnings allocated by the Foundation to the charitable funds are available for distribution for various purposes under the donor advised agreements and become unrestricted at date of distribution. As of December 31, 2003, temporarily restricted and permanently restricted net assets are classified as follows:

<u>Fund</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
SDHDF Endowment	\$ 1,740	\$ 80,500
Silva Higher Education Endowment	577	55,000
SDLGBT Community Center Endowment	6	5,000
Blachford-Cooper Endowment	15	50,000
Anderson-Pecus Athletic Endowment	25	6,500
Nicole Murray-Ramirez Civil Rights Fund	2,609	5,080
LGBT Power of Pride Fund	294	-
MMVCS Charitable Fund	1,879	-
Nelson-Olsen Charitable Fund	5,000	-
Anderson-Pecus Charitable Fund	7,523	-
Total Funds	<u>\$ 19,668</u>	<u>\$ 202,080</u>

There is \$4,972 of temporarily restricted funds in the endowment bank accounts.

Note 8 - Concentration of risk and uncertainties

Cash balances are insured by the Federal Deposit Insurance Corporation up to \$100,000 per institution. At December 31, 2003, the Foundation's uninsured cash balance total \$183,782. Management believes the risk of loss by having uninsured cash is remote.

Note 9 - Prior period adjustment

Beginning net assets have been adjusted to properly reflect temporarily restricted, permanently restricted, and unrestricted net asset balances erroneously recorded in the prior year. The correction has no effect on the results of the current year's activities nor does it increase or decrease net assets in total.

# *Douglas R. Ashbrook, CPA*

*Auditing, Taxation, Consulting*

Member: American Institute of Certified Public Accountants and California Society of Certified Public Accountants

---

## MANAGEMENT LETTER

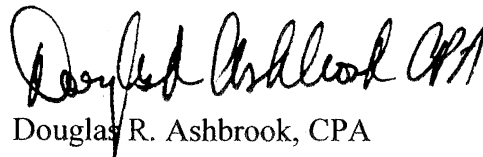
April 20, 2004

To the Senior Management and Board of Directors of  
San Diego Human Dignity Foundation

In planning and performing my audit of the financial statements of San Diego Human Dignity Foundation for the year ended December 31, 2003, I considered its internal control structure to plan my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. During my audit, I noted matters involving operations that are presented for your consideration. This letter does not affect my report dated April 20, 2004, on the financial statements of San Diego Human Dignity Foundation. I will review the status of these comments during my next audit engagement. My comments and recommendations, which have been discussed with members of management, are intended to result in operating efficiencies. I will be pleased to discuss these comments in further detail at your convenience. My comments are summarized as follows:

1. Under SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*, requires all organizations to present information about expenses by their functional classification, such as major classes of program services and supporting activities. Although the statement of functional expenses was prepared, I recommend that management review their allocation of program services and supporting activities expenses to reflect a more accurate allocation. Program service expenses are the direct and indirect costs related to providing the program or social services. Supporting service expenses are costs for activities not directly related to the purpose for which the organization exists. Therefore, to properly present functional expenses, direct costs must be identified and indirect costs must be allocated to the programs and supporting activities.

The accounting records and supporting documentation for the year under audit were impeccable. I wish to thank David Pierce and Alex Sanchez for their support and assistance during my audit.

  
Douglas R. Ashbrook, CPA