

**SAN DIEGO HUMAN DIGNITY FOUNDATION**

Audited Financial Statements  
December 31, 2004

Presented By  
*Douglas R. Ashbrook, CPA*

**SAN DIEGO HUMAN DIGNITY FOUNDATION  
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DECEMBER 31, 2004**

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## **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, 2004, 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, 2004, 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.



Douglas R. Ashbrook, CPA

May 2, 2005

SAN DIEGO HUMAN DIGNITY FOUNDATION  
Statement of Financial Position  
December 31, 2004

ASSETS

Cash & cash equivalents	\$ 52,102
Pledges receivable	3,600
Deposits	5,100
Charitable fund accounts (note 7)	49,184
Endowment accounts (note 7)	<u>278,310</u>
 Total Assets	 \$ <u><u>388,296</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$ 1,746
Accrued payroll liabilities	<u>4,641</u>
 Total Liabilities	 6,387

NET ASSETS:

Unrestricted	54,415
Temporarily restricted	79,194
Permanently restricted	<u>248,300</u>
 Total Net Assets	 <u>381,909</u>
 Total Liabilities and Net Assets	 \$ <u><u>388,296</u></u>

See accompanying notes

SAN DIEGO HUMAN DIGNITY FOUNDATION  
Statement of Activities  
For the Year Ended December 31, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b><u>REVENUE &amp; OTHER SUPPORT:</u></b>				
Grants-pass through	\$ 1,000	\$	\$	\$ 1,000
Contributions	59,425	35,804	46,220	141,449
Special events income, net	86,889			86,889
In-kind donations	61,839			61,839
Donated services	36,331			36,331
Interest	275	5,506		5,781
Unrealized and realized gains, net		22,767		22,767
Net assets released from restriction:				
Restrictions satisfied by payment	4,551	(4,551)		
<b>Total Revenues and Other Support</b>	<b>250,310</b>	<b>59,526</b>	<b>46,220</b>	<b>356,056</b>
 <b><u>EXPENSES:</u></b>				
Program Services	117,304			117,304
Supporting Services:				
Management & general	40,042			40,042
Fund-raising	96,418			96,418
<b>Total Supporting Services</b>	<b>136,460</b>	<b>-</b>	<b>-</b>	<b>136,460</b>
<b>Total Expenses</b>	<b>253,764</b>	<b>-</b>	<b>-</b>	<b>253,764</b>
<b>Change in Net Assets</b>	<b>(3,454)</b>	<b>59,526</b>	<b>46,220</b>	<b>102,292</b>
<b>Net Assets, Beginning of Year</b>	<b>57,869</b>	<b>19,668</b>	<b>202,080</b>	<b>279,617</b>
<b>Net Assets, End of Year</b>	<b>\$ 54,415</b>	<b>\$ 79,194</b>	<b>\$ 248,300</b>	<b>\$ 381,909</b>

See accompanying notes

SAN DIEGO HUMAN DIGNITY FOUNDATION  
Statement of Cash Flows  
For the Year Ended December 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 102,292
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) Operating Activities:	
Unrealized and realized gain on investments	(22,767)
Endowment contributions	(46,220)
Charitable fund contributions	(35,804)
Endowment & charitable fund distributions	4,551
Endowment & charitable fund earnings	(5,506)
(Increase)/Decrease in Current Assets:	
Deposits	(3,950)
Pledges receivable	(3,600)
Increase/(Decrease) in Current Liabilities:	
Accounts payable	685
Accrued payroll liabilities	387
	(9,932)
Net Cash Provided/(Used) by Operating Activities	(9,932)
Net Increase/(Decrease) in Cash and Cash Equivalents	(9,932)
Cash and Cash Equivalents at:	
Beginning of Year	62,034
End of Year	\$ 52,102

See accompanying notes

SAN DIEGO HUMAN DIGNITY FOUNDATION  
Statement of Functional Expenses  
For the Year Ended December 31, 2004

	SUPPORTING SERVICES			Combined Total
	Program Services	Management & General	Fund Raising	
<b><u>FUNCTIONAL EXPENSES:</u></b>				
Salaries and wages	\$ 63,044	\$ 27,019		\$ 90,063
Payroll taxes	5,274	2,260		7,534
Payroll benefits		125		125
Bank service charges	2,702	477		3,179
Investment fees		1,039		1,039
Development	7	1,960	2,791	4,758
Dues & subscriptions	1,215			1,215
Grants made	2,000			2,000
Insurance	7,482	1,871		9,353
In-kind donations			61,839	61,839
Donated services	8,000		28,331	36,331
License & permits		20		20
Marketing	8,058		2,015	10,073
Miscellaneous	374	374		748
Occupancy	6,110	1,528		7,638
Office expense	4,146	1,036		5,182
Postage	1,399	466	466	2,331
Printing	1,024	342	341	1,707
Professional fees	3,695	652		4,347
Repairs & maintenance	869	217		1,086
Telephone	1,106	369	369	1,844
Travel & entertainment	799	266	266	1,331
Taxes		21		21
<b>Total Expenses</b>	<b>\$ 117,304</b>	<b>\$ 40,042</b>	<b>\$ 96,418</b>	<b>\$ 253,764</b>

See accompanying notes

**San Diego Human Dignity Foundation**  
**Notes to Financial Statements**  
**December 31, 2004**

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, 2004, \$36,331 was recorded for various donated services that met the criteria for recognition. Services included advertising, web hosting, Gala entertainment, and consulting services.

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, 2004**

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, 2004, 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 \$61,839 in donations for the 2004 Gala Silent Auction.

Note 4 - Special Events

The Foundation hosts special events to raise funds. As of December 31, 2004, revenue from special events is as follows:

	<u>Revenue</u>	<u>Expense</u>	<u>Net Income</u>
Springtime Gala	\$ 140,277	\$ 61,323	\$ 78,954
Cruise	16,435	9,262	7,173
Summer Women's Network	955	193	762
Total Special Events	<u>\$ 157,667</u>	<u>\$ 70,778</u>	<u>\$ 86,889</u>

**San Diego Human Dignity Foundation  
Notes to Financial Statements  
December 31, 2004**

Note 5 - Deposits

Deposits as of December 31, 2004 are as follows:

Rental deposit	\$ 600
Audit retainer	1,000
Gala 2005 venue and entertainment deposit	<u>3,500</u>
Total Deposits	<u>\$ 5,100</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, 2004, the Foundation awarded a grant to the Aids Walk for \$1,000.

The Foundation may also help facilitate donations to specific organizations from individuals or other donors with pass-through grants. As of December 31, 2004, a pass-through grant was distributed to the Diversionsary Theater for \$1,000.

Note 7 - Charitable Funds and Endowment Accounts

Charitable funds and endowment funds are combined in an investment account. Earnings are allocated accordingly among the various funds. Investments are carried at market or appraised value; realized and unrealized gains and losses are reflected in the statement of activities. Investments as of December 31, 2004 consist of the following:

	<u>Carrying Value</u>
Money funds	\$ 65,091
Mutual Funds	<u>262,403</u>
Total	<u>\$ 327,494</u>

Investment return is summarized as follows:

Interest Income	\$ 5,506
Net realized and unrealized gains	<u>22,767</u>
Total investment return	<u>\$ 28,273</u>

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, 2004, the Foundation's uninsured cash balance total \$191,815. Management believes the risk of loss by having uninsured cash is remote.

**San Diego Human Dignity Foundation**  
**Notes to Financial Statements**  
**December 31, 2004**

Note 9 - Pledges Receivable

Pledges receivable consists of promises to give. Management believes all pledges to be collectible, therefore no allowance for uncollectible accounts is deemed necessary. As of December 31, 2004, pledges receivable are \$3,600.

Note 10 - 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, 2004, temporarily restricted and permanently restricted net assets are classified as follows:

<u>Fund</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
SDHDF Endowment	\$ 10,883	\$ 87,000
Silva Higher Education Endowment	7,152	55,000
SDLGBT Community Center Endowment	585	5,000
Blachford-Cooper Endowment	5,914	60,000
Anderson-Pecus Athletic Endowment	781	10,000
Nicole Murray-Ramirez Civil Rights Fund	3,811	7,080
Richard P. Geyser President's Ethics Award Fund	884	14,220
Beck-Huskey Endowment	-	5,000
Higgins-Miles Endowment	-	5,000
LGBT Power of Pride Fund	2,437	-
MMVCS Charitable Fund	1,879	-
Breast Cancer Education & Prevention Fund	3,530	-
Ronald Oster Charitable Fund	2,500	-
Nelson-Olsen Charitable Fund	30,709	-
Anderson-Pecus Charitable Fund	8,129	-
Total Funds	<u>\$ 79,194</u>	<u>\$ 248,300</u>