



San Diego
Human Dignity
Foundation

AUDITED FINANCIAL STATEMENTS
December 31, 2007

Presented By
Douglas R. Ashbrook, CPA

**SAN DIEGO HUMAN DIGNITY FOUNDATION
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DECEMBER 31, 2007**

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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, 2007, 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, 2007, 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.

June 13, 2008

Douglas R. Ashbrook, CPA

SAN DIEGO HUMAN DIGNITY FOUNDATION
Statement of Financial Position
December 31, 2007

ASSETS

Cash & cash equivalents	\$	72,957
Pledges receivable, net of allowance of \$1,300 (Note 7)		29,120
Prepaid expenses (Note 5)		11,920
Deposits		600
Endowment-SDF (Note 8)		69,515
Endowment & charitable trust funds (Note 8)		798,162
Computer equipment, net of accumulated depreciation of \$68		1,284
Total Assets	\$	983,558

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$	6,246
Accrued payroll liabilities		5,255
Grants payable (Note 10)		27,150
Deferred revenue (Note 11)		5,750
Total Liabilities		44,401

NET ASSETS:

Unrestricted		49,798
Temporarily restricted (Note 12)		245,890
Permanently restricted (Note 12)		643,469
Total Net Assets		939,157
Total Liabilities and Net Assets	\$	983,558

See accompanying notes

SAN DIEGO HUMAN DIGNITY FOUNDATION
Statement of Activities
For the Year Ended December 31, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>REVENUE & OTHER SUPPORT:</u>				
Grants-pass through	\$ 32,525	\$	\$	\$ 32,525
Contributions	96,141	37,126	83,505	216,772
Special events income, net (Note 3)	65,289			65,289
Fund advisory fees	8,586			8,586
In-kind donations (Note 4)	51,780			51,780
Donated services (Note 4)	46,266			46,266
Interest & dividends (Note 8)	746	63,000	1,368	65,114
Unrealized & realized gains & losses, net (Note 8)	(390)	5,579		5,189
Net assets released from restriction: Restrictions satisfied by payment	74,346	(74,346)		
Total Revenues and Other Support	375,289	31,359	84,873	491,521
<u>EXPENSES:</u>				
Program Services	337,445			337,445
Supporting Services:				
Management & general	40,995			40,995
Fundraising	19,967			19,967
Total Supporting Services	60,962	-	-	60,962
Total Expenses	398,407	-	-	398,407
Change in Net Assets	(23,118)	31,359	84,873	93,114
Net Assets, Beginning of Year	72,916	214,531	558,596	846,043
Net Assets, End of Year	\$ 49,798	\$ 245,890	\$ 643,469	\$ 939,157

See accompanying notes

SAN DIEGO HUMAN DIGNITY FOUNDATION
Statement of Cash Flows
For the Year Ended December 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 93,114
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) Operating Activities:	
Unrealized and realized gain on investments	(5,189)
Depreciation	68
(Increase)/Decrease in Current Assets:	
Prepaid expenses	(9,795)
Pledges receivable	(18,149)
Increase/(Decrease) in Current Liabilities:	
Accounts payable	2,560
Accrued payroll liabilities	11
Grants payable	27,150
Deferred revenue	<u>5,750</u>
Net Cash Provided/(Used) by Operating Activities	95,520

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of equipment	(1,352)
Endowment & charitable trust contributions	(128,782)
Endowment & charitable trust distributions	96,208
Endowment & charitable trust earnings	<u>(64,843)</u>
Net Cash Provided/(Used) by Investing Activities	<u>(98,769)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(3,249)

Cash and Cash Equivalents at:

Beginning of Year	<u>76,206</u>
End of Year	<u>\$ 72,957</u>

See accompanying notes

SAN DIEGO HUMAN DIGNITY FOUNDATION

Statement of Functional Expenses

For the Year Ended December 31, 2007

	<u>SUPPORTING SERVICES</u>			<u>Combined Total</u>
	<u>Program Services</u>	<u>Management & General</u>	<u>Fund Raising</u>	
<u>FUNCTIONAL EXPENSES:</u>				
Salaries and wages	\$ 85,434	\$ 24,410	\$ 12,205	\$ 122,048
Payroll taxes	8,173	2,335	1,168	11,676
Payroll benefits	7,956	2,273	1,137	11,366
Bad debt	-	1,300	-	1,300
Bank service charges	3,006	531	-	3,537
Depreciation	-	68	-	68
Investment fees	15,192	-	-	15,192
Development	-	3,121	3,507	6,628
Dues & subscriptions	1,288	-	-	1,288
Grants made (Note 6)	91,694	-	-	91,694
Insurance	2,736	764	-	3,500
In-kind donations	51,780	-	-	51,780
Donated services	46,266	-	-	46,266
Marketing	4,010	-	430	4,440
Miscellaneous	-	416	-	416
Occupancy	5,920	1,480	-	7,400
Office expense	3,494	1,292	-	4,786
Postage	1,453	485	485	2,423
Printing	1,798	600	600	2,998
Professional fees	5,936	1,484	-	7,420
Telephone	533	177	177	887
Travel & entertainment	776	259	259	1,294
Total Expenses	\$ <u>337,445</u>	\$ <u>40,995</u>	\$ <u>19,967</u>	\$ <u>398,407</u>

See accompanying notes

San Diego Human Dignity Foundation
Notes to Financial Statements
December 31, 2007

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*.

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.

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.

San Diego Human Dignity Foundation
Notes to Financial Statements
December 31, 2007

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. Depreciation expense for the year ended December 31, 2007 is \$68.

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 - Special Events

The Foundation hosts special events to raise funds. As of December 31, 2007, revenue from special events is as follows:

	<u>Revenue</u>	<u>Expense</u>	<u>Net Income</u>
Springtime Gala	\$ 127,923	\$ 69,426	\$ 58,497
Cruise	<u>17,080</u>	<u>10,288</u>	<u>6,792</u>
Total special events	<u>\$ 145,003</u>	<u>\$ 79,714</u>	<u>\$ 65,289</u>

Note 4 - In-kind Donations and Donated Services

The Foundation received \$51,780 in donations for the 2007 Gala and Wigfest silent and live auctions. As of December 31, 2007, \$46,266 was recorded for various donated services that met the criteria for recognition under FASB 116, *Accounting for Contributions Received and Contributions Made*. Services included advertising and web hosting.

Note 5 - Prepaid Expenses

Prepaid expenses as of December 31, 2007 are as follows:

Wigfest 2008	\$ 3,100
Gala 2008	8,000
Insurance	<u>820</u>
Total prepaid expenses	<u>\$ 11,920</u>

San Diego Human Dignity Foundation
Notes to Financial Statements
December 31, 2007

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, 2007, the Foundation awarded the following grants:

San Diego LGBT Community Center	\$ 12,800
ElderHelp of San Diego	10,700
Diversionary Theatre	3,500
Being Alive San Diego	2,800
Auntie Helen's Fluff 'n Fold	3,300
Mama's Kitchen	1,500
Sun & Moon Vision Productions	5,000
Gay Men's Chorus of San Diego	1,500
Special Delivery San Diego	4,000
San Diego Youth & Community Services	3,000
Vista Community Clinic	3,000
Lambda Archives of San Diego	4,069
Pierce Charitable Fund Grant-Gala 2007	2,500
Kelly-Taylor LGBT Senior Assistance Fund	750
BCAUSE Fund	250
Rockway Institute	<u>500</u>
Total grants awarded	<u>\$ 59,169</u>

The Foundation may also help facilitate donations to specific organizations from individuals or other donors with pass-through grants. As of December 31, 2007, pass-through grants were distributed as follows:

San Diego LGBT Community Center	\$ 30,000
PAWS San Diego County, Inc.	2,500
Diversionary Theatre	<u>25</u>
Total pass-through grants	<u>\$ 32,525</u>

Note 7 - Pledges Receivable

Pledges receivable consists of unconditional promises to give that are expected to be collected within one year. A provision for estimated uncollectible pledges is based on past experience adjusted by management estimates of current economic factors and applied to gross pledges.

As of December 31, 2007 pledges receivable are as follows:

Gross pledges receivable	\$ 30,420
Allowance for uncollectible pledges	<u>(1,300)</u>
Net pledges receivable	<u>\$ 29,120</u>

San Diego Human Dignity Foundation
Notes to Financial Statements
December 31, 2007

Note 8 - Investments, Charitable Funds, and Endowment Funds

Investments, charitable funds and endowment funds are combined in one investment account. Earnings are allocated accordingly among the various funds. The San Diego Foundation (SDF) Endowment is a separate investment established to encourage contributions for the SDHDF's exempt purpose. Investments are carried at market or appraised value; realized and unrealized gains and losses are reflected in the statement of activities. The Investment accounts as of December 31, 2007 consists of the following:

	Carrying Value
Endowment-SDF	\$ 69,515
Money funds	8,410
Equities	2,055
Mutual Funds	787,697
Total investments	\$ 867,677

Investment return is summarized as follows:

Interest & dividend income	\$ 64,843
Net realized & unrealized gains & losses	5,189
Total investment return	\$ 70,303

Additional interest income of \$271 was earned on savings accounts considered as cash and cash equivalents.

Note 9 - Employee Benefits

The Foundation has a Simple IRA for the staff's retirement. The plan requires a 3% matching contribution, except that in 2 out of 5 years the Foundation can reduce the matching contribution to 1% with proper advance notification to all employees. For the year ending December 31, 2007, the Foundation contributed \$2,034.

Note 10 - Grants Payable

Grants payable consists of undistributed pass-thru grants and other grant awards due to certain objectives or criteria per the grant agreements. As of December 31, 2007 grants payable consist of the following:

San Diego LGBT Community Center	\$ 1,900
ElderHelp of San Diego	4,100
Auntie Helen's Fluff 'n Fold	1,650
Sun & Moon Vision Productions	2,500
Special Delivery San Diego	2,000
San Diego Pride pass thru grant	15,000
Total grants payable	\$ 27,150

San Diego Human Dignity Foundation
Notes to Financial Statements
December 31, 2007

Note 11 - Deferred Revenue

Deferred revenue as of December 31, 2007 is \$5,750 consisting of advance payments for future events.

Note 12 - 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, 2007, temporarily restricted and permanently restricted net assets are classified as follows:

<u>Fund</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
SDHDF Endowment	\$ 49,059	\$ 318,223
Silva Higher Education Endowment	20,640	55,000
SDLGBT Community Center Endowment	2,127	5,200
Blachford-Cooper Endowment	15,543	80,000
Anderson-Pecus Athletic Endowment	3,707	10,000
Murray-Ramirez Civil Rights Fund	6,348	10,105
Geyser President's Ethics Award Fund	5,450	17,070
Higgins-Miles Endowment	1,463	5,500
Beck-Huskey Endowment	897	7,250
Collingsworth-Simmons Endowment	1,697	24,800
SD Lambda Archives Endowment	2,345	21,955
Unitt Charitable Fund	211	5,000
Benton Charitable Fund	112	5,000
LGBT Fund of SDHDF & The SD Foundation	2,150	67,365
Stepping Stones Endowment	-	11,000
Anderson-Pecus Charitable Fund	3,982	-
Pierce Charitable Fund	928	-
Cornell Charitable Fund	4,310	-
Casari-Kam Charitable Fund	7,877	-
MMVCS Charitable Fund	1,879	-
BCause Fund	45,715	-
McCusker Education Fund	25,264	-
Oster Charitable Fund	6,108	-
Nelson-Olson Charitable Fund	20,410	-
Whalen Charitable Fund	150	-
Kelly-Taylor LGBT Senior Assistance Fund	7,668	-
Accrued promises to give	9,850	-
Total Funds	<u>\$ 245,890</u>	<u>\$ 643,469</u>