

CHRISTOPHER STREET WEST ASSOCIATION, INC.
(A California not-for-profit organization)

FINANCIAL STATEMENTS

DECEMBER 31, 2005

As reviewed by

Jose E. Bueno
Certified Public Accountant

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Jose E. Bueno
CERTIFIED PUBLIC ACCOUNTANT

To the Board of Directors
Christopher Street West Association, Inc.
Los Angeles, California

INDEPENDENT AUDITOR'S REPORT

I have reviewed the accompanying statement of financial position of Christopher Street West Association, Inc. (a California not-for-profit organization) as of December 31, 2005, and the related statements of activities, changes in net assets and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Christopher Street West Association, Inc.

A review consists principally of inquiries of the organization's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.



September 16, 2006
Los Angeles, California

CHRISTOPHER STREET WEST ASSOCIATION, INC.
(A California not-for-profit organization)
STATEMENT OF FINANCIAL POSITION
December 31, 2005

ASSETS

Current assets

Cash in bank	\$ 144,526
Marketable securities	27,794
Accounts receivable	32,559
Prepaid expenses	15,669
	220,548

Fixed assets

Property and equipment	394,958
Less: accumulated depreciation	(128,336)
	266,622

Other assets

Security deposits	2,329
	\$ 489,499

LIABILITIES

Current liabilities

Accrued expenses payable	\$ 4,252
Accrued interest payable	4,200
Current portion of deferred rental revenue	5,182
	13,634

Long term liabilities

Note payable	280,000
Deferred rental revenue	126,968
	406,968

NET ASSETS

Unrestricted	68,897
	\$ 489,499

CHRISTOPHER STREET WEST ASSOCIATION, INC.
(A California not-for-profit organization)
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2005

SUPPORT AND REVENUES	
Festival admission	\$ 424,482
Beverage and merchandise sales	280,867
Exhibitor	195,948
Sponsorship	201,712
Other	9,505
	<u>1,112,514</u>
EXPENSES	
Program	890,565
Administrative	249,040
Fundraising	10,335
	<u>1,149,940</u>
Decrease in unrestricted net assets	\$ (37,426)
Unrestricted net assets, beginning of the year	<u>106,323</u>
Unrestricted net assets, end of the year	<u><u>\$ 68,897</u></u>

CHRISTOPHER STREET WEST ASSOCIATION, INC.
(A California not-for-profit organization)
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2005

	Program	Administrative	Fundraising	Total
Advertising	\$ 23,787	\$ -	\$ -	\$ 23,787
Automotive	16,605	-	-	16,605
Bank and other charges	-	3,800	-	3,800
Beverage	79,579	-	-	79,579
Board of directors meetings	-	500	-	500
Commissions	2,308	-	-	2,308
Communications	3,142	-	432	3,574
Community working grants	40,857	-	-	40,857
Contract labor	223,740	8,683	993	233,416
Depreciation	-	12,456	-	12,456
Hospitality	20,037	3,790	7,722	31,549
Insurance	36,516	4,845	-	41,361
Interest	-	10,276	-	10,276
Law enforcement, security and medical	101,693	115	-	101,808
Miscellaneous	2,863	7,795	987	11,645
Office and supplies	38,509	16,637	48	55,194
Parade	22,153	-	-	22,153
Postage	246	1,350	-	1,596
Production	11,726	107	-	11,833
Professional fees	46,005	71,980	-	117,985
Rental	192,322	46,090	100	238,512
Taxes, licenses and dues	22,074	9,642	-	31,716
Telephone	2,065	11,466	53	13,584
Travel	4,338	12,683	-	17,021
Unrealized loss in marketable securities	-	1,130	-	1,130
Wages and benefits	-	25,695	-	25,695
	<u>\$ 890,565</u>	<u>\$ 249,040</u>	<u>\$ 10,335</u>	<u>\$ 1,149,940</u>

CHRISTOPHER STREET WEST ASSOCIATION, INC.
(A California not-for-profit organization)
STATEMENT OF CASH FLOWS
Year ended December 31, 2005

CASH FLOWS USED FOR OPERATING ACTIVITIES	
Decrease in unrestricted net assets	\$ (37,426)
Depreciation	12,456
Unrealized loss in marketable securities	1,130
Increase in accrued expenses payable	4,252
Decrease in deferred exhibitor revenue	(17,182)
Decrease in accounts payable	(8,746)
Increase in prepaid expenses	(14,643)
Increase in accounts receivable	(32,559)
	(92,718)
 CASH FLOWS USED FOR FINANCING ACTIVITIES	
Decrease in deferred rental revenue	(5,180)
Decrease in accrued interest payable	(50,400)
	(55,580)
 CASH FLOWS USED FOR INVESTING ACTIVITIES	
Purchase of marketable securities	(1,688)
	(1,688)
Net increase in cash during the year	(149,986)
Cash, beginning of the year	294,512
Cash, end of the year	\$ 144,526

CHRISTOPHER STREET WEST ASSOCIATION, INC.
(A California not-for-profit organization)
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Christopher Street West Association, Inc. (CSW) is a California non-profit organization which has been granted exempt status under section 501(c)(3) of the Internal Revenue Code. Its purpose is to promote the goals of human rights, education, outreach and better understanding of the gay and lesbian community. CSW produces the annual Greater Los Angeles LGBT Pride Celebration hosted by the independent City of West Hollywood. CSW operates out of an office located in Los Angeles, California.

Basis of Presentation

Financial statement presentation follows 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, CSW 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.

Permanently restricted net assets are contributions which have donor-imposed restrictions that stipulate that resources be maintained permanently but permit the organization to use up or expend part or all of the income (or other economic benefits) derived from the donated assets. CSW had no permanently restricted net assets as of December 31, 2005

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support and revenue depending on the existence and/or nature of any donor restrictions. Contributions containing temporary restrictions that are met in the same year they are received are reported as unrestricted contributions.

CHRISTOPHER STREET WEST ASSOCIATION, INC.
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NOTES TO FINANCIAL STATEMENTS
December 31, 2005

Volunteer Services

CSW receives significant amount of donated services from unpaid volunteers who assist in organizing and producing the LGBT Pride Celebration. These services have not been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

NOTE 2: OTHER ACCOUNTING POLICIES AND DISCLOSURES

Cash and cash equivalents:

CSW considers all demand deposits and highly liquid investment with a maturity of three months or less, including money market funds, certificates of deposit and Treasury bills, to be cash equivalents.

Marketable securities:

Investments are recorded at fair market value and consist of mutual funds. Changes in the fair market value are reflected in the Statement of Activities

Property and equipment:

Property and equipment is stated at cost. A provision is made for depreciation by the declining balance method over the estimated useful life of the furniture and equipment. The straight-line method is used to depreciate the building. Expenditures for maintenance and repairs are charged to expense as incurred. Additions, major renewals, and replacement that increase the property's useful life and exceed \$2,500 are capitalized. Estimated useful lives are as follows:

Furniture and equipment	5 – 7 years
Building	31.5 years

Functional expenses:

CSW allocates its expenses on a functional basis among its various program and supporting services and reports these allocations on the Statement of Functional Expenses. Expenses that can be identified with a specific program are allocated directly to their natural expenditure classification. Other expenses and supporting services that are common to several functions are allocated on the basis of time studies.

CHRISTOPHER STREET WEST ASSOCIATION, INC.
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NOTES TO FINANCIAL STATEMENTS
December 31, 2005

Income taxes:

CSW is tax exempt organization under the Internal Revenue Service Code Section 501(c)(3). Therefore, CSW is subject to federal and state taxes only on unrelated business income earned. There was no income from such activities during the year ended December 31, 2005.

NOTE 3: PROPERTY AND EQUIPMENT

Components of property and equipment as of December 31, 2005 include the following:

Property	\$ 347,415
Furniture and equipment	47,543
	<hr/>
	394,958
Less: accumulated depreciation	(128,336)
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	<u>\$ 266,622</u>

NOTE 4: NOTES PAYABLE AND DEFERRED RENTAL REVENUE

During July 1991 CSW entered into a lease agreement wherein CSW received a one-time rent payment in advance, until the year 2031, in the amount of \$207,288. The deferred revenue generated by this transaction is being amortized over the 40-year life of the lease agreement.

In a memorandum of that real estate lease, CSW became committed to repay a \$280,000 note payable to the Department of Housing and Community Development which was originally payable by the lessee. The note bears interest at 3% per annum and requires annual interest-only payments until the principal becomes due in July, 2025.

NOTE 5: ACCRUED INTEREST PAYABLE

The note payable describe above stipulates payment of interest only in the amount of \$8,400 per year. During the year, CSW made \$58,800 payments for all interest payable as of June 30, 2005.

NOTE 6: LEASE COMMITMENTS

CSW conducts its operations from a facility that is currently under a month-to-month lease agreement. In addition, CSW has an operating lease for postage equipment that is under an

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NOTES TO FINANCIAL STATEMENTS
December 31, 2005

agreement that is renewed every three months. CSW's obligations under capital leases are not material and have not been included in its Statement of Financial Position.

Rental expenses for 2005 was \$238,512

NOTE 7: CONCENTRATIONS

Amounts maintained at financial institutions are insured by the Federal Deposit Insurance Corporation up \$100,000. As of December 31, 2005, CSW's uninsured cash balance totaled \$44,514.