

OUTMemphis
AUDITED FINANCIAL STATEMENTS
December 31, 2020

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December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
OUTMemphis
Memphis, Tennessee

We have audited the accompanying financial statements of OUTMemphis (OM), a nonprofit corporation, which comprise the statements of financial position as of December 31, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, 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 audit. We conducted our audit 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 OM as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

October 24, 2021

A handwritten signature in black ink that reads "Fleet Firm".

STATEMENTS OF FINANCIAL POSITION

OUTMemphis
December 31, 2020

ASSETS

Current assets	
Cash - unrestricted	\$ 107,741
Cash - restricted	397,895
Prepaid deposit	5,142
Accounts receivable - net	<u>53,402</u>
Total current assets	<u>564,180</u>
 Property and equipment	
Land	40,975
Building and improvements	351,000
Furniture, equipment, and vehicles	22,603
Construction in progress	<u>289,102</u>
Total property and equipment	703,680
Less accumulated depreciation	<u>(54,537)</u>
Property and equipment - net	<u>649,143</u>
 Total assets	<u><u>\$ 1,213,323</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Current maturities of long term debt	\$ 3,739
Accounts payable	8,579
Payroll taxes payable	<u>25</u>
Total current liabilities	<u>12,343</u>
 Long term debt	
Note payable, less current maturities	<u>41,974</u>

NET ASSETS

Without donor restrictions	761,111
With donor restrictions	<u>397,895</u>
Total net assets	<u>1,159,006</u>
 Total liabilities and net assets	<u><u>\$ 1,213,323</u></u>

See independent auditor's report and notes to financial statements.

STATEMENTS OF ACTIVITIES

OUTMemphis

Year Ended December 31, 2020

REVENUE AND SUPPORT	Without Donor	With Donor	Total
	Restrictions	Restrictions	
Revenue			
Outflux admissions	\$ 995	\$ -	\$ 995
Grant income - trusts and foundations	500	505,746	506,246
Grant income - federal	179,601	-	179,601
Grant income - local government	10,798	-	10,798
Investment income	661	-	661
Other revenue	103,799	-	103,799
Total revenue	<u>296,354</u>	<u>505,746</u>	<u>802,100</u>
Support			
Contributions	260,074	-	260,074
Total contributions	<u>260,074</u>	<u>-</u>	<u>260,074</u>
Fundraising			
Special events revenue	196	-	196
Less: costs of direct benefits to donors	-	-	-
Net special events revenue	196	-	196
Total support	<u>260,270</u>	<u>-</u>	<u>260,270</u>
Net assets released from restriction	324,355	(324,355)	-
Total revenue and support	<u>880,979</u>	<u>181,391</u>	<u>1,062,370</u>
EXPENSES AND LOSSES			
Program services			
Youth services	42,214	-	42,214
Metamorphosis Youth Services	230,206	-	230,206
Outflux	2,813	-	2,813
HIV	106,359	-	106,359
Other	251,487	-	251,487
Total program expenses	<u>633,079</u>	<u>-</u>	<u>633,079</u>
Supporting services			
Management	69,363	-	69,363
Fundraising	112,871	-	112,871
Total supporting services	<u>182,234</u>	<u>-</u>	<u>182,234</u>
Total expenses	<u>815,313</u>	<u>-</u>	<u>815,313</u>
Change in net assets - operations	65,666	181,391	247,057
Net assets at beginning of year	695,445	216,504	911,949
Net assets at end of year	<u>\$ 761,111</u>	<u>\$ 397,895</u>	<u>\$ 1,159,006</u>

See independent auditor's report and notes to financial statements.

STATEMENTS OF CASH FLOWS

OUTMemphis

Year Ended December 31, 2020

Cash flows from operating activities	
Change in net assets	\$ 247,057
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	10,687
Change in operating assets and liabilities	
Prepaid deposits	(1,926)
Accounts receivable	(36,870)
Accounts payable	(1,405)
Payroll taxes payable	25
Accrued salaries and wages	(14,028)
Net cash provided by operating activities	<u>203,540</u>
Cash flows from investing activities	
Construction in progress additions	<u>(14,200)</u>
Net cash used by investing activities	<u>(14,200)</u>
Cash flows from financing activities	
Repayment of long-term debt	<u>(3,032)</u>
Net cash used by financing activities	<u>(3,032)</u>
Net increase in cash and cash equivalents	186,308
Cash, cash equivalents, and restricted cash at beginning of year	<u>319,328</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 505,636</u>
Supplemental cash flow information:	
Interest paid	<u>\$ 3,167</u>

See independent auditor's report and notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

OUTMemphis

Year Ended December 31, 2020

	Metamorphosis			HIV Services	Other	Subtotal	Management	Fundraising	Total
	Youth Services	Youth Services	Outflix						
Salaries - staff	\$ 34,468	\$ 106,269	\$ -	\$ 78,763	\$ 124,723	\$ 344,223	\$ 32,516	\$ 87,003	\$ 463,742
Employee benefits and taxes	6,477	19,081	-	14,177	23,707	63,442	6,615	12,341	82,398
Total compensation and benefits	40,945	125,350	-	92,940	148,430	407,665	39,131	99,344	546,140
Supplies	116	5,446	86	9,927	9,937	25,512	4,845	1,266	31,623
Food expense	442	5,037	103	1,671	13,620	20,873	314	-	21,187
Office expense	305	2,573	117	1,042	1,683	5,720	918	4,090	10,728
Utilities	-	650	-	-	5,882	6,532	1,079	-	7,611
Interest expense	-	-	-	-	3,167	3,167	-	-	3,167
Repairs and maintenance	-	1,000	-	-	15,603	16,603	6,675	-	23,278
Travel, training, and meetings	397	1,896	-	104	954	3,351	1,551	34	4,936
Insurance expense	-	-	-	-	-	-	850	-	850
Dues and subscriptions	-	10	-	-	135	145	1,033	175	1,353
Computer expenses	-	900	-	-	2,086	2,986	1,218	683	4,887
Advertising	-	-	315	175	115	605	-	35	640
Venue rental	-	-	500	-	-	500	-	-	500
Taxes and licenses	-	508	-	-	-	508	79	580	1,167
Bank and credit card fees	9	2	42	-	-	53	-	6,664	6,717
Screening fees	-	-	1,000	-	-	1,000	-	-	1,000
Counseling subsidies	-	-	-	-	500	500	-	-	500
Grant and contract expense	-	-	-	500	9,606	10,106	-	-	10,106
Professional fees	-	-	650	-	8,100	8,750	11,670	-	20,420
Leasing assistance	-	58,908	-	-	8,351	67,259	-	-	67,259
Emergency housing	-	21,999	-	-	2,455	24,454	-	-	24,454
Utility assistance	-	3,132	-	-	2,374	5,506	-	-	5,506
Transportation assistance	-	2,340	-	-	1,523	3,863	-	-	3,863
Supportive services	-	455	-	-	6,279	6,734	-	-	6,734
Depreciation expense	-	-	-	-	10,687	10,687	-	-	10,687
Total expenses	\$ 42,214	\$ 230,206	\$ 2,813	\$ 106,359	\$ 251,487	\$ 633,079	\$ 69,363	\$ 112,871	\$ 815,313

See independent auditor's report and notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

OUTMemphis
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business and Other Matters

OUTMemphis (OM), a Tennessee not for profit organization, is a community-based service provider in West Tennessee. Principal programs provided include:

Youth Services – Includes social/support groups for 13-17 year olds (Prysm) and 18-25 year olds (GenQ); advocacy training; LifeHacks education and career assistance workshops; outreach and support to assist schools in making safer spaces for their students.

Metamorphosis Youth Services – The Metamorphosis Project is the culmination of all emergency youth services for LGBTQ+ young adults aged 18-24, including housing. The project includes supportive services and case management, a HUD funded rapid rehousing program and a planned Youth Emergency center (YEC). The YEC building will house the food pantry, and clothes closet, as well as provide space for all support services. In addition, the building will have emergency bedrooms for LGBTQ+ 18-24 year olds who are experiencing homelessness. The bedrooms will serve as a secure space for residents to sleep for up to 30 days, while staff work to find permanent housing through the Rapid Rehousing component.

OUTFlix – OUTFlix provides the only avenue for LGBTQ+ people in the Mid-South to see themselves on the big screen. We believe it's important to show films that illustrate the variety and depth of experiences that LGBTQ+ people face. The festival shows feature films, documentaries, and short films from around the world.

Sexual Health Services – Providing in person and at home HIV testing and counselling services to the Mid-South. This includes after-hours and on-demand testing; off-site testing and education services at a range of locations; condom distribution and education to sex workers.

Other Services – OM provides a safe space for a variety of peer-led social/support groups including some of the only transgender support groups in the region; a women's book club; a group for gay and bi men of color; a group for LGBTQ+ families with kids under 12; an LGBTQ AI-Anon group; and others. We also provide education and outreach to a wide variety of organizations including churches, schools, law enforcement facilities, and others. OM is the go-to agency for media responses at the local, state and national level on LGBTQ+ issues.

NOTES TO FINANCIAL STATEMENTS

OUTMemphis
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Accounting

OM uses the accrual basis of accounting that follows the reporting practices as set forth by the accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The financial statements of OM have been prepared on the accrual basis of accounting and are presented in accordance with the FASB Accounting Standards Codification (ASC) 958, 'Not-for-profit Entities', and the provisions of Accounting Standards Update 2016-14 Not-For-Profit Entities (Topic 958): Presentation of Financial Statement of Not-For-Profit Entities. ASU 2016-14 requires OM to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Assets accumulated and resources received and expended by OM are either without donor restrictions or restricted by the donor for a specific stipulation. 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. The governing board can designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions - Net assets subject to donor-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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, OM considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. There are no cash equivalents in the current year.

NOTES TO FINANCIAL STATEMENTS

OUTMemphis
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Accounts Receivable

Accounts receivable are stated at face value minus any allowance for doubtful accounts. OM provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. OM's estimate is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that the estimate of the allowance for doubtful accounts will change.

Property and Equipment

OM capitalizes property and equipment over \$2,500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, OM reports expirations of donor restrictions when the donated or acquired assets are placed in service. OM reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from seven to forty years.

Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in the statement of activities.

Long-lived assets, including property and equipment having a definite life, are currently reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount should be addressed pursuant to accounting principles generally accepted in the United States of America. According to these principles, impairment is determined by comparing the carrying value of these long-lived assets to management's best estimate of the weighted average future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. In the event an impairment exists, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the asset. No impairment has been recognized in the accompanying financial statements.

NOTES TO FINANCIAL STATEMENTS

OUTMemphis
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue Recognition

Contributions, including unconditional promises to give (pledges) are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When a restriction by the donor expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization records contributions with donor restrictions for which the restriction is met in the same reporting period as contributions without donor restrictions.

Donated Materials and Services

Donated materials are reflected as contributions in the financial statements at their estimated value at the date of receipt. Volunteers periodically provide uncompensated non-specialized services such as administrative and operational assistance. The value of these services is immaterial in relation to the financial statements taken as a whole and is not recorded.

Advertising

OM charges all advertising expenditures to expense as incurred. Advertising costs incurred for the year ended December 31, 2020, were \$16,369.

Income Taxes

OM is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been determined to be an organization, which is not a private foundation. Donations to the Agency are deductible by the donor as charitable contributions for federal income tax purposes. Management is not aware of any actions or events that have occurred that might adversely affect the Agency's tax-exempt status.

OM's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively. There are no interest and penalties related to income tax assessments in the current year. Fiscal years ending on or after December 31, 2017, remain subject to examination by federal authorities.

NOTES TO FINANCIAL STATEMENTS

OUTMemphis
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Use of 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.

Liquidity

Assets are presented in the accompanying financial statement of position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Certain categories of expenses are attributable to both program services and supporting activities. Therefore, the expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and benefits, which are allocated based on estimates of time and effort.

NOTES TO FINANCIAL STATEMENTS

OUTMemphis
December 31, 2020

2. LIQUIDITY AND AVAILABILITY

As of December 31, 2020, OM's liquidity resources and financial assets available within one year for general expenditure, such as operating expenses, were as follows:

Cash - unrestricted	\$ 107,741
Cash - restricted	397,895
Metamorphosis Project cash included in restricted cash	(199,151)
Accounts receivable - net	<u>53,402</u>
Financial assets available to meet general expenditures within one year	<u>\$ 359,887</u>

OM has certain assets with donor restrictions limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above for financial assets to meet general expenditures within one year.

3. CASH - RESTRICTED

Cash - Restricted consists of the following deposit amounts restricted by donors and is generally not available for operating purposes except as indicated in footnote 2:

Youth Services	\$ 7,245
Metamorphosis Project	199,151
Transgender Services	1,102
FedEx Meta	30,449
CAF America Nike	7,500
Covid-19/Outlast	34,845
CAF America Nike - 2	16,660
Mid-South Regional Response	25,943
Assissi Meta Operating Grant	<u>75,000</u>
	<u>\$ 397,895</u>

NOTES TO FINANCIAL STATEMENTS

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4. LONG TERM DEBT

Long term debt consists of the following:

Mortgage payable to Metropolitan Bank, due in monthly installments of \$494 including interest at 4.9% plus a final balloon payment due September 25, 2025, secured by a deed of trust on certain property.	\$ 45,713
Less: current portion	<u>3,739</u>
	<u>\$ 41,974</u>

The following schedule outlines principal amounts due on the mortgage:

12/31/2021	\$ 3,739
12/31/2022	3,929
12/31/2023	4,129
12/30/2024	4,334
12/30/2025	29,582

5. GRANT INCOME – FEDERAL

OM has entered into an arrangement with Shelby County to provide services for the Ryan White program provided by the United States Department of Health and Human Services through February 28, 2020. The amount presented as the budget amount includes a remaining budget through February 28, 2020 of \$10,815 and the budget through February 28, 2021 is \$33,010.

OM has entered into an arrangement with the Tennessee Department of Health to provide services for the PrEP Services for HIV Prevention program through December 31, 2020. The budget amount for 2020 is \$39,900.

OM has entered into an arrangement with the Tennessee Department of Health to provide services for the Ryan White I Know program through December 31, 2020. The budget amount for 2020 is \$20,020.

NOTES TO FINANCIAL STATEMENTS

*OUT*Memphis
December 31, 2020

5. GRANT INCOME – FEDERAL - continued

OM has entered into an arrangement with the United States Department of Housing and Urban Development through June 30, 2020, to provide services under the Continuum of Care grant. The amount presented as the budget amount includes a remaining budget through June 30, 2020 of \$42,534 and the budget through June 30, 2021 is \$95,040.

The details of these grant activities are as follows:

	Ryan White <u>Outreach</u>	PrEP <u>PrEP</u>	Ryan White <u>I Know</u>	Sin Buscar <u>Sin Buscar</u>	Continuum <u>of Care</u>
Budget amount	\$ 43,825	\$ 39,900	\$ 22,020	\$ 10,260	\$ 137,574
Grant receipts	34,619	37,832	15,652	8,774	82,724
Grant expenditures	34,619	37,832	15,652	8,774	82,724
Budget amount - expired	79	2,068	4,368	1,486	400
Remaining budget amount	9,127	-	-	-	54,450

6. STATEMENT OF CASH FLOWS

The following schedule reconciles the balance sheet line items to the amount represented on the Statement of Cash Flows as cash, cash equivalents, and restricted cash at the end of the period as follows:

Cash - unrestricted	\$ 107,741
Cash - restricted	<u>397,895</u>
Cash, cash equivalents, and restricted cash	<u><u>\$ 505,636</u></u>

NOTES TO FINANCIAL STATEMENTS

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December 31, 2020

7. CAPITAL CAMPAIGN

OM has an ongoing capital campaign for building of the Metamorphosis Center. At December 31, 2020, there is \$199,151 in the fund.

8. COVID-19

On January 20, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the Covid-19 Outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the Covid-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the Covid-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on OM's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the Covid-19 outbreak and the global responses to curb its spread, OM is not able to estimate the effects of the Covid-19 outbreak on its results of operations, financial condition, or liquidity.

OM received a loan from Renasant Bank in the amount of \$86,300 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated May 1, 2020, and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan was forgiven April 7, 2021, and is included as other revenue in the Statement of Activities.

9. SUBSEQUENT EVENTS

OM has evaluated events and transactions that occurred between December 31, 2020, and October 24, 2021, which is the date the financials were available to be issued, for possible recognition or disclosure in the financial statements. The following items require disclosure as follows:

On May 20, 2021, OM received a certificate of occupancy for their Youth Emergency Center located at 2055 Southern Avenue. The cost of this project is carried as construction in progress on the year end Statement of Financial Position