Los Angeles LGBT Center and Affiliates
(a nonprofit California corporation)

Consolidated Financial Statements
and Supplemental Material
Years Ended June 30, 2019 and 2018

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Description of Organization (Unaudited)

For 50 years, the Los Angeles LGBT Center (the "Center") has been building the health, enriching the lives and advocating for the rights of lesbian, gay, bisexual and transgender ("LGBT") people. It was founded as an all-volunteer organization, offering counseling, shelter/support for homeless LGBT youth, senior citizens and a safe space for our community to gather.

McCadden Campus LLC ("Campus LLC") is a wholly-owned subsidiary of the Center formed as a Delaware limited liability company on February 6, 2014. Campus LLC executed an Agreement of Limited Partnership with an affiliate of Thomas Safran and Associates, an affordable housing developer, to acquire real property and to build a mixed-use development named the Anita May Rosenstein Campus. See Note 22.

AMR Campus QALICB, Inc. ("AMR QALICB"), is an affiliate nonprofit corporation of the Center and was created for the sole purpose of facilitating a New Markets Tax Credit ("NMTC") transaction in June 2017. Its purpose and responsibilities are limited to owning and developing the Anita May Rosenstein Campus, leasing the Center Component to the Center for its operations, and making debt service payments on its loans.

AMR QALICB was formed pursuant to the filing of those certain Articles of Incorporation with the California Secretary of State on February 2, 2017. On November 3, 2017, the Internal Revenue Service issued a letter determining that the AMR QALICB was exempt from federal income tax under Internal Revenue Code ("IRC") Section 501(c)(3).

The Los Angeles LGBT Center is building a world where LGBT people thrive as healthy, equal and complete members of society.

With total consolidated assets of $191 million, today's Center employs over 700 paid staff and has 1,450 volunteers in 10 locations across Los Angeles. The community is served at a rate of nearly 50,000 visits every month. The Center's clients are primarily low and moderate income, and virtually all programs are free or low cost. The Center's many services are tailored specifically for LGBTQ people and include: healthcare and medication with specialties in HIV/AIDS and transgender care and HIV prevention; counseling and addiction recovery; housing, food, education and employment training for youth experiencing homelessness; essential services and affordable housing for seniors; legal services; advocacy and policy work; cultural arts programs and more.

Information about the Los Angeles LGBT Center and its programs and services is available on the Web at www.lalgbtcenter.org.

Tel: 310-557-0300
Fax: 310-557-1777
www.bdo.com

515 Flower Street
47th Floor
Los Angeles CA 90071

Independent Auditor's Report

Board of Directors
Los Angeles LGBT Center and Affiliates
Los Angeles, California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Los Angeles LGBT Center and Affiliates (the "Center"), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Los Angeles LGBT Center and its Affiliates as of June 30, 2019 and 2018, and the consolidated changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

December 24, 2019

Consolidated Financial Statements

Los Angeles LGBT Center and Affiliates
(a nonprofit California corporation)

Consolidated Statements of Financial Position

June 30,	**2019**	2018
Current assets		
Cash and cash equivalents	**$ 19,430,841**	$ 20,788,025
Restricted cash AMR Campus construction	**2,280,181**	16,056,545
Restricted cash NMTC CDE's fee reserve	**1,850,173**	2,155,633
Accounts and other receivables	**68,164**	121,700
Receivable from affiliates	**1,831,919**	2,142,765
Clinic fees receivable, net	**7,292,006**	5,966,759
Contracts and grants receivable, net	**7,468,484**	5,213,921
Pledges receivable, net	**1,498,105**	2,380,912
Short-term investments	**15,139,404**	14,807,916
Inventories	**978,504**	881,973
Total current assets	**57,837,781**	70,516,149
Noncurrent assets		
Contributions receivable – held in trust	**2,862,706**	3,185,737
Beneficial interests in trusts	**2,403,589**	2,261,156
Receivable from affiliates	**5,199,674**	-
Leverage loan receivable	**28,910,100**	28,910,100
Pledges receivable, net	**956,672**	976,164
Long-term investments	**1,805,194**	1,677,112
Property and equipment, net	**87,481,438**	62,368,861
Other assets	**3,661,434**	2,471,625
Total noncurrent assets	**133,280,807**	101,850,755
Total assets	**$ 191,118,588**	$ 172,366,904
Current liabilities		
Accounts payable	**$ 7,264,189**	$ 10,242,846
Accrued expenses and other liabilities	**8,127,951**	7,517,049
Retainage	**2,472,145**	2,779,641
Unearned revenue	**1,217,941**	1,394,143
Interest payable	**269,515**	-
Current portion of annuities payable	**196,233**	196,433
Current portion of long-term debt	**25,162**	144,106
Total current liabilities	**19,573,136**	22,274,218
Noncurrent liabilities		
Annuities payable, net of current portion	**984,941**	891,222
Long-term debt, net of current portion	**45,878,833**	40,957,558
Total noncurrent liabilities	**46,863,774**	41,848,780
Total liabilities	**66,436,910**	64,122,998
Commitments and contingencies (Note 17)		
Net assets		
Without donor restrictions	**115,057,119**	97,486,980
With donor restrictions	**9,624,559**	10,756,926
Total net assets	**124,681,678**	108,243,906
Total liabilities and net assets	**$ 191,118,588**	$ 172,366,904

See accompanying summary of significant accounting policies and notes to the consolidated financial statements.

Los Angeles LGBT Center and Affiliates
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Consolidated Statements of Activities and Changes in Net Assets

Year ended June 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Public support and other revenue			
Public support:			
Special events revenue:			
Gross receipts	$ 8,164,749	$ 499,885	$ 8,664,634
Less costs of direct benefits to donors	(203,672)	-	(203,672)
Net special events revenue	7,961,077	499,885	8,460,962
Program fees	90,249,916	-	90,249,916
Grants	22,203,980	-	22,203,980
Contributions	5,658,363	1,118,152	6,776,515
Contributions - Capital Campaign	8,018,021	-	8,018,021
Contributed goods and services	923,729	-	923,729
Other operating revenue	505,854	-	505,854
Total public support and other revenue	135,520,940	1,618,037	137,138,977
Net assets released from restrictions:			
Satisfaction of program restrictions	2,371,155	(2,371,155)	-
Total public support and other revenue and net assets released from restrictions	137,892,095	(753,118)	137,138,977
Operating expenses			
Program services	113,304,098	-	113,304,098
Supporting services:			
General and administrative	976,127	-	976,127
Fund-raising	7,540,113	-	7,540,113
Total supporting services	8,516,240	-	8,516,240
Total operating expenses	121,820,338	-	121,820,338
Change in net assets before non-operating income/gains (losses) and other revenue	16,071,757	(753,118)	15,318,639
Non-operating income/gains (losses) and other revenue			
Net investment return	859,138	-	859,138
Unrealized loss on trusts held by third parties	-	(180,597)	(180,597)
Change in value of split-interest agreements	-	(198,652)	(198,652)
Other nonoperating revenue	639,244	-	639,244
Total non-operating income/gains (losses) and other revenue	1,498,382	(379,249)	1,119,133
Change in net assets	17,570,139	(1,132,367)	16,437,772
Net assets, beginning of year	97,486,980	10,756,926	108,243,906
Net assets, end of year	$ 115,057,119	$ 9,624,559	$ 124,681,678

See accompanying summary of significant accounting policies and notes to the consolidated financial statements.

Los Angeles LGBT Center and Affiliates
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Consolidated Statements of Activities and Changes in Net Assets (Continued)

Year ended June 30, 2018	Without Donor Restrictions	With Donor Restrictions	Total
Public support and other revenue			
Public support:			
Special events revenue:			
Gross receipts	$ 8,342,896	$ 357,385	$ 8,700,281
Less costs of direct benefits to donors	(176,376)	-	(176,376)
Net special events revenue	8,166,520	357,385	8,523,905
Program fees	80,082,288	-	80,082,288
Grants	17,378,733	-	17,378,733
Contributions	4,708,730	799,690	5,508,420
Contributions - Capital Campaign	8,515,778	-	8,515,778
Contributed goods and services	832,108	-	832,108
Other operating revenue	805,636	-	805,636
Total public support and other revenue	120,489,793	1,157,075	121,646,868
Net assets released from restrictions:			
Satisfaction of program restrictions	1,829,447	(1,829,447)	-
Total public support and other revenue and net assets released from restrictions	122,319,240	(672,372)	121,646,868
Operating expenses			
Program services	97,919,787	-	97,919,787
Supporting services:			
General and administrative	848,075	-	848,075
Fund-raising	7,290,235	-	7,290,235
Total supporting services	8,138,310	-	8,138,310
Total operating expenses	106,058,097	-	106,058,097
Change in net assets before non-operating income/gains (losses) and other revenue	16,261,143	(672,372)	15,588,771
Non-operating income/gains (losses) and other revenue			
Net investment return	959,513	-	959,513
Unrealized gains on trusts held by third parties	-	292,037	292,037
Change in value of split-interest agreements	-	(149,179)	(149,179)
Other nonoperating revenue	300,058	-	300,058
Total non-operating income/gains (losses) and other revenue	1,259,571	142,858	1,402,429
Change in net assets	17,520,714	(529,514)	16,991,200
Net assets, beginning of year	79,966,266	11,286,440	91,252,706
Net assets, end of year	$ 97,486,980	$ 10,756,926	$ 108,243,906

See accompanying summary of significant accounting policies and notes to the consolidated financial statements.

Los Angeles LGBT Center and Affiliates
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Consolidated Statement of Functional Expenses

Year ended June 30, 2019	Program Services									Supporting Services			
	Policy & Community Building	Cultural Arts & Education	Senior Services	Health Services	Legal Services	Public Affairs	Children, Youth & Family	Culinary Arts	Total Program Services	General and Administrative	Fund-raising	Total Supporting Services	Total
Program Staff Salaries	$ 985,115	$ 505,834	$ 637,209	$ 20,515,587	$ 759,723	$ 751,940	$ 4,574,131	$ 93,092	$ 28,822,631	$ -	$ 2,501,002	$ 2,501,002	$ 31,323,633
Administration Salaries	176,458	348,680	143,095	953,193	90,409	132,500	864,133	47,186	2,755,654	4,377,549	524,940	4,902,489	7,658,143
Employee Benefits	146,355	167,714	148,138	3,391,330	132,016	138,042	1,390,765	23,284	5,537,644	465,745	378,726	844,471	6,382,115
Employer Taxes	90,406	75,711	65,117	1,764,300	72,533	72,094	481,248	12,357	2,633,766	320,061	229,395	549,456	3,183,222
Medical Supplies	-	-	-	50,286,581	-	-	3,267	-	50,289,848	-	-	-	50,289,848
Supplies	7,309	21,506	28,364	197,105	8,164	10,510	154,089	16,964	444,011	174,929	54,550	229,479	673,490
Facilities, Repairs and Maintenance	78,268	126,457	41,133	1,062,935	107,946	49,765	895,500	8,674	2,370,678	121,291	71,417	192,708	2,563,386
Telephone and Utilities	10,476	46,468	11,514	279,798	11,216	6,015	154,330	3,412	523,229	392,903	22,011	414,914	938,143
Advertising, Printing and Postage	2,603	9,243	46,586	222,514	3,761	124,250	24,643	138	433,738	94,966	398,275	493,241	926,979
Insurance	1,922	8,200	4,405	20,817	7,321	765	17,698	639	61,767	298,868	2,778	301,646	363,413
Travel	127,620	252	9,812	90,178	10,371	7,945	66,042	74	312,294	39,926	74,387	114,313	426,607
Professional Fees and Contracted Services	497,158	17,787	12,218	1,881,850	138,111	195,548	69,041	25,251	2,836,964	634,183	287,051	921,234	3,758,198
Event Expenses	278,216	153,547	88,489	828,301	42	307,875	116,929	-	1,773,399	13,908	1,422,901	1,436,809	3,210,208
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	-	-	203,672	203,672	203,672
Equipment Lease and Repair	6,316	48,292	5,723	749,349	6,592	47,858	112,203	38,091	1,014,424	516,520	100,732	617,252	1,631,676
Client Services	11,650	6,045	55,101	1,164,196	2,296	-	1,136,624	178	2,376,090	-	75	75	2,376,165
Lab Testing	-	-	-	1,166,898	-	-	-	-	1,166,898	-	-	-	1,166,898
Taxes and Licenses	1,105	5,587	1,887	27,217	88	56	4,951	64	40,955	219,976	2,419	222,395	263,350
Educational Materials	-	-	-	78,295	-	-	-	10,233	88,528	-	-	-	88,528
Staff and Board Development	19,268	3,069	7,291	201,510	6,257	9,418	30,977	237	278,027	178,852	181,095	359,947	637,974
Interest Expense	1,002	4,298	2,317	10,876	927	400	9,282	343	29,445	159,234	1,452	160,686	190,131
Miscellaneous	46,390	-	-	44,718	-	642	76,231	-	167,981	185,103	1,902	187,005	354,986
Contributed Goods and Services	20,639	-	52,831	378,959	40,641	3,975	69,014	-	566,059	16,948	340,722	357,670	923,729
Bank, Payroll and Investment Fees	-	110	-	-	-	-	-	-	110	601,698	197,541	799,239	799,349
Depreciation and amortization	10,004	115,609	59,977	781,776	3,436	9,089	355,146	19,542	1,354,579	290,251	45,337	335,588	1,690,167
Allocated G&A	268,885	133,296	176,753	5,154,555	193,592	209,851	1,258,183	30,264	7,425,379	(8,126,784)	701,405	(7,425,379)	-
Total expenses by function	2,787,165	1,797,705	1,597,960	91,252,838	1,595,442	2,078,538	11,864,427	330,023	113,304,098	976,127	7,743,785	8,719,912	122,024,010
Less expenses included with revenues on the statement of activities													
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	-	-	(203,672)	(203,672)	(203,672)
Total expenses included in the expense section on the statement of activities	$ 2,787,165	$ 1,797,705	$ 1,597,960	$ 91,252,838	$ 1,595,442	$ 2,078,538	$ 11,864,427	$ 330,023	$ 113,304,098	$ 976,127	$ 7,540,113	$ 8,516,240	$ 121,820,338

See accompanying summary of significant accounting policies and notes to the consolidated financial statements.

Los Angeles LGBT Center and Affiliates
(a nonprofit California corporation)

Consolidated Statement of Functional Expenses (Continued)

	Program Services								Supporting Services			
Year ended June 30, 2018	Policy & Community Building	Cultural Arts & Education	Senior Services	Health & Mental Health Services	Legal Services	Public Affairs	Children, Youth & Family	Total Program Services	General and Administrative	Fund-raising	Total Supporting Services	Total
Program Staff Salaries	$ 869,271	$ 471,184	$ 596,872	$ 17,833,986	$ 588,790	$ 758,508	$ 3,719,960	$ 24,838,571	$ -	$ 2,530,149	$ 2,530,149	$ 27,368,720
Administration Salaries	163,031	332,600	131,277	924,227	102,766	109,628	882,546	2,646,075	3,955,573	527,166	4,482,739	7,128,814
Employee Benefits	122,232	157,745	143,340	2,966,269	97,504	104,438	1,164,661	4,756,189	542,967	385,011	927,978	5,684,167
Employer Taxes	79,956	72,016	59,984	1,545,614	60,456	69,431	407,456	2,294,913	279,714	231,731	511,445	2,806,358
Medical Supplies	-	-	-	43,418,705	-	-	7,740	43,426,445	-	-	-	43,426,445
Supplies	4,982	24,143	20,888	206,957	7,809	6,892	152,999	424,670	134,542	27,934	162,476	587,146
Facilities, Repairs and Maintenance	88,889	129,211	31,493	790,180	97,890	61,120	889,941	2,088,724	87,191	59,628	146,819	2,235,543
Telephone and Utilities	10,795	39,359	5,221	264,940	12,090	6,019	143,066	481,490	399,151	23,576	422,727	904,217
Advertising, Printing and Postage	17,899	3,404	23,548	179,087	4,308	116,889	11,116	356,251	93,715	282,256	375,971	732,222
Insurance	1,957	6,720	3,086	19,447	6,699	718	14,087	52,714	240,841	2,510	243,351	296,065
Travel	117,845	251	8,093	69,070	15,221	7,570	55,571	273,621	44,240	71,574	115,814	389,435
Professional Fees and Contracted Services	287,396	2,861	53	1,547,236	91,519	369,805	62,785	2,361,655	565,462	400,133	965,595	3,327,250
Event Expenses	50,132	149,863	95,659	670,840	800	97,391	118,327	1,183,012	24,517	1,217,619	1,242,136	2,425,148
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	-	176,376	176,376	176,376
Equipment Lease and Repair	12,885	26,644	15,013	799,753	10,919	20,328	167,646	1,053,188	432,261	104,278	536,539	1,589,727
Client Services	11,400	7,128	46,725	712,184	4,546	-	1,068,136	1,850,119	-	1,205	1,205	1,851,324
Lab Testing	-	-	-	1,099,345	-	-	-	1,099,345	-	-	-	1,099,345
Taxes and Licenses	474	5,051	1,227	18,901	52	27	4,404	30,136	32,842	7,255	40,097	70,233
Educational Materials	-	-	-	41,686	-	-	-	41,686	-	-	-	41,686
Staff and Board Development	27,684	2,953	6,654	146,689	5,172	47,730	34,054	270,936	156,053	169,127	325,180	596,116
Interest Expense	11,941	41,006	18,831	118,669	8,462	4,382	85,958	289,249	29,901	15,319	45,220	334,469
Miscellaneous	49,795	6,007	2,759	17,231	1,240	980	81,811	159,823	299,340	2,685	302,025	461,848
Contributed Goods and Services	8,127	-	39,786	363,640	39,729	1,931	58,315	511,528	23,136	297,444	320,580	832,108
Bank, Payroll and Investment Fees	-	-	-	24	-	5,134	-	5,158	535,500	189,234	724,734	729,892
Depreciation and amortization	7,736	88,754	11,357	743,887	3,007	1,557	151,121	1,007,419	99,279	33,121	132,400	1,139,819
Allocated G&A	237,654	126,051	170,262	4,505,466	148,876	198,716	1,029,845	6,416,870	(7,128,150)	711,280	(6,416,870)	-
Total expenses by function												
Less expenses included with revenues	2,182,081	1,692,951	1,432,128	79,004,033	1,307,855	1,989,194	10,311,545	97,919,787	848,075	7,466,611	8,314,686	106,234,473
on the statement of activities												
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	-	(176,376)	(176,376)	(176,376)
Total expenses included in the expense section												
on the statement of activities	$ 2,182,081	$ 1,692,951	$ 1,432,128	$ 79,004,033	$ 1,307,855	$ 1,989,194	$ 10,311,545	$ 97,919,787	$ 848,075	$ 7,290,235	$ 8,138,310	$ 106,058,097

See accompanying summary of significant accounting policies and notes to the consolidated financial statements.

Los Angeles LGBT Center and Affiliates
(a nonprofit California corporation)

Consolidated Statements of Cash Flows

Increase (Decrease) in Cash

Years ended June 30,	**2019**	2018
Cash flows from operating activities		
Change in net assets	**$ 16,437,772**	$ 16,991,200
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**1,690,167**	1,139,819
Allowance for bad debt	**16,711**	248,239
Realized investment (gain)	**(80,226)**	(160,884)
Unrealized investment (gain)	**(76,371)**	(188,422)
Change in restricted split-interest agreements and trust	**180,598**	(292,039)
Donation of investments	**-**	(82,058)
Changes in operating assets and liabilities:		
Accounts and other receivables	**53,536**	131,789
Receivable from affiliates	**(4,888,827)**	(2,511,742)
Clinic fees receivable, net	**(1,325,247)**	1,609
Contracts and grants receivable, net	**(2,268,748)**	(2,162,548)
Pledges receivable, net	**899,773**	587,024
Inventories	**(96,531)**	(270,432)
Other assets	**(1,189,809)**	(144,012)
Accounts payable	**(6,606,316)**	1,116,010
Accrued expenses and other liabilities	**610,902**	1,333,324
Payable to affiliates	**-**	(3,115,200)
Retainage	**(2,779,641)**	-
Unearned revenue	**(176,202)**	941,788
Interest payable	**269,515**	(12,471)
Annuities payable	**93,519**	(3,753)
Net cash provided by operating activities	**764,575**	13,547,241
Cash flows from investing activities		
Purchase of property and equipment	**(20,702,941)**	(25,019,616)
Purchase of investments	**(876,243)**	(1,980,528)
Proceeds from sale of investments	**960,875**	1,947,708
Interest income reinvested	**(387,605)**	(304,586)
Net cash used in investing activities	**(21,005,914)**	(25,357,022)
Cash flows from financing activities		
Proceeds from notes payable	**4,930,159**	-
Increase in deferred financing costs	**16,279**	27,844
Increase in capital lease obligation	**-**	18,679
Repayments of notes payable and capital lease obligations	**(144,107)**	(262,266)
Net cash provided by (used in) financing activities	**4,802,331**	(215,743)
Net decrease in cash and cash equivalents and restricted cash	**(15,439,008)**	(12,025,524)
Cash and cash equivalents and restricted cash, beginning of year	**39,000,203**	51,025,727
Cash and cash equivalents and restricted cash, end of year	**$ 23,561,195**	$ 39,000,203
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	**$ 190,131**	$ 334,469
Noncash investing and financing activities		
Acquired equipment in a capital lease agreement	**$ -**	$ 18,679
Donation of investments	**-**	82,058
Investments in other entities	**900,000**	-
Capitalized development costs remaining in payables	**6,099,803**	8,668,509

See accompanying summary of significant accounting policies and notes to the consolidated financial statements.

1. Organization

The Los Angeles LGBT Center (the "Center") is a nonprofit California corporation formed for the purpose of serving the lesbian, gay, bisexual and transgender communities. The Center is building a world where LGBT people thrive as healthy, equal and complete members of society.

McCadden Campus LLC ("Campus LLC") is a wholly-owned subsidiary of the Center formed as a Delaware limited liability company on February 6, 2014. Campus LLC executed an Agreement of Limited Partnership with an affiliate of Thomas Safran and Associates, an affordable housing developer, to acquire real property and to build a mixed-use development named the Anita May Rosenstein Campus. See Note 22.

AMR Campus QALICB, Inc. ("AMR QALICB"), is an affiliate nonprofit corporation of the Center and was created for the sole purpose of facilitating a New Markets Tax Credit ("NMTC") transaction in June 2017. Its purpose and responsibilities are limited to owning and developing the Anita May Rosenstein Campus, leasing the Center Component to the Center for its operations, and making debt service payments on its loans.

AMR QALICB was formed pursuant to the filing of those certain Articles of Incorporation with the California Secretary of State on February 2, 2017. On November 3, 2017, the Internal Revenue Service issued a letter determining that the AMR QALICB was exempt from federal income tax under IRC Section 501(c)(3). See Note 22.

AMR QALICB maintains separate financial statements apart from the Center and Campus LLC. AMR QALICB's assets and liabilities are not available to satisfy the debts and other obligations of the Center, Campus LLC or any other entity.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Consolidation

The consolidated financial statements include the accounts of the Center, Campus LLC, and AMR QALICB. All significant inter-company accounts and transactions have been eliminated in consolidation.

Basis of Presentation

Net assets and changes therein are classified and reported as follows:

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - Net assets that are not subject to donor-imposed stipulations that limit the use of the donated assets and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Center's management and the Board of Directors and are comprised of undesignated amounts.

- *Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations that restrict the use of the donated assets. The restrictions are satisfied either by actions of the Center and/or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions. Net assets with donor restrictions that include a stipulation that the amounts contributed be permanently invested in perpetuity provide investment income for general support of Center's programs and operations.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash on deposit with banks and investments with original maturities of three months or less. The Center places its temporary cash investments with high credit quality financial institutions. At times cash and cash equivalents may be in excess of the Federal Deposit Insurance Corporation ("FDIC") and Securities Investor Protection Corporation ("SIPC") insurance limits. The Center has not experienced any losses related to these balances. All noninterest-bearing and interest-bearing cash balances held in the same ownership category are aggregated and were insured up to at least $250,000 per depositor at each financial institution at June 30, 2019.

AMR QALICB, which is consolidated in with the Center, is required to keep unspent proceeds from a NMTC transaction (see Note 23) in segregated cash accounts to pay for construction costs of the Anita May Rosenstein Campus (see Note 22) and to pay for ongoing costs of the NMTC transaction. These amounts are classified as restricted cash on the accompanying Consolidated Statements of Financial Position.

Clinic Fees Receivable, Net

Clinic fees receivable represent balances due to the Center for services provided to clients prior to and including June 30, 2019. Payer types include clients, Medi-Cal, Medicare, AIDS Drug Assistance Program and commercial insurance. Management provides for probable uncollectible amounts through an allowance based on current status of client accounts. Receivables are written off if collection efforts prove unsuccessful or when management becomes aware of other circumstances that indicate uncollectibility.

Contracts and Grants Receivable, Net

Contracts and grants receivable represent program expenditures incurred by the Center, which have not yet been reimbursed under the terms of the grant agreements. These receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through provisions for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Receivables are written off if collection efforts prove unsuccessful, or when management becomes aware of other circumstances that indicate uncollectibility.

Pledges Receivable, Net

Pledges receivable represent individual and foundation pledges that have been made to the Center's Capital Campaign for the Anita May Rosenstein Campus (see Note 22), development general operations and AIDS LifeCycle. Management provides for probable uncollectible amounts through an allowance based on the current status of individual or foundation pledges.

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory costs are determined on the first-in, first-out ("FIFO") method. Inventories consist of pharmacy drugs.

Split-Interest Agreements

The Center has been designated as the beneficiary for irrevocable split-interest agreements, including charitable remainder trusts and charitable gift annuities. The annuity agreements generally require the Center to make quarterly fixed payments to other beneficiaries for a specified period of time.

The Center is required by the State of California Department of Insurance to maintain minimum reserves related to these annuities. For annuities issued between January 1, 1992 and December 31, 2004, the minimum reserve basis is the a-1983 Table at an interest rate of 6.0%. Effective January 1, 2005, the minimum reserve basis for annuities issued on or after this date is the Annuity 2000 Mortality Table at an interest rate of 4.5%. Annuities payable at June 30, 2019 and 2018 were calculated based on the Annuity 2000 Mortality Table. At June 30, 2019 and 2018, annuities payable were $1,181,174 and $1,087,655, respectively.

The contributed assets of $2,641,290 and $2,666,290 at June 30, 2019 and 2018, respectively, are recorded at fair value and a corresponding liability has been recorded to reflect the present value of required lifetime payments. The portion of the contributed assets, which represent future annuity payments, is classified in cash and cash equivalents and investments.

The Center is also the beneficiary of assets held in charitable remainder trusts administered by other trustees. These trusts are recorded at the present value of the remainder interest held by the trustee.

The Center uses an interest rate commensurate with the risks involved to discount the charitable remainder trusts. The discount rate for the years ended June 30, 2019 and 2018 are 2.8% and 3.4%, respectively.

Investments

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-320, *Investments-Debt and Equity Securities*, the Center accounts for its investments in equity securities with readily determinable fair values and all investments in debt securities at fair value on the Consolidated Statements of Financial Position. The Center records realized and unrealized gains and losses on investments in the Consolidated Statements of Activities and Changes in Net Assets as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations and is then recorded as net assets with donor restrictions.

Fair Value Measurements

The Center follows ASC 820, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value under U.S. GAAP and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants.

ASC 820 establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entity's own assumptions about how market participants would value an asset or liability based on the best information available.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Center for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities that the Center has the ability to access as of the measurement date.

Level 2 — Inputs that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents, restricted cash, accounts receivable, clinic receivables, contract and grant receivables, inventories, other receivables, accounts payable, accrued expenses and other liabilities approximate fair value because of their short maturity.

Pledges are carried at fair value. The fair value of pledges that are expected to be paid in less than one year are measured at net realizable value and all other pledges are recorded at the present value of estimated future cash flows. Pledges to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved, 4.20% and 4.76%, which is 12-month LIBOR rate plus 2.00%, as of both June 30, 2019 and 2018, respectively. Amortization of discounts is recorded as contribution revenue annually in accordance with donor-imposed restrictions, if any, on the pledges.

Investments are carried at fair value.

Rates currently available to the Center for debt with similar terms and remaining maturities are used to estimate the fair value of the existing long-term debt and line of credit. The carrying amount of the long-term debt and line of credit approximate the estimated fair value.

Property and Equipment

Property and equipment is recorded at cost if purchased, or if donated, at fair value at the date of donation. Property and equipment acquired with government grant funds is considered to be owned by the Center while used in the program or in future authorized programs. However, the granting agency has a reversionary interest in the property, as well as the right to determine the use of any proceeds from the sale of the assets. Management expects to have continuous use of such property and equipment throughout their useful lives. The estimated useful lives by classification are as follows:

Buildings and improvements	3-40 years
Furniture, fixtures and equipment	3-12 years
Computers and software	3-5 years

For assets acquired outside of the construction of the building, which is all capitalized, the Center will capitalize those assets over $5,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the term of the lease or estimated useful life, whichever is shorter. Depreciation and amortization expense includes the depreciation of assets acquired under capital leases.

Repairs and maintenance are charged to expense when incurred.

Impairment of Long-Lived Assets

The Center reviews property and equipment for impairment whenever events or changes in circumstances indicate the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. During 2019 and 2018, there were no events or changes in circumstances indicating that the carrying amount of property and equipment may not be recoverable and no impairments were recorded.

Unearned Revenue

Unearned revenue represents a conditional grant or other funds received for services to be performed by the Center, which have not yet been provided under the terms of the agreements. The Center recognizes these amounts as public support and other revenue when such services have been performed or the condition has been met and/or funds expended. Unearned revenue at June 30, 2019 consisted primarily of $212,812 related to grants, $166,165 related to events and $838,964 related to conditional donations. Unearned revenue at June 30, 2018 consisted primarily of $362,797 related to grants, $124,800 related to events and $906,546 related to conditional donations.

Contributions

Unconditional promises to give are recognized as contributions when received at the net present value of the amounts expected to be collected. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give expected to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved, 4.20% which is 12-month LIBOR rate plus 2.00%. Amortization of discounts is recorded as additional contributions annually in accordance with donor-imposed restrictions, if any. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restricted support that increases those net asset classes.

Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, shall be recognized when the conditions on which they depend are substantially met. Statements of Intent are recognized as revenue when the amounts are collected.

With donor restricted contributions where the restrictions are satisfied in the same year as the contribution is received are reported as increases in net assets without donor restrictions.

Special Events

Revenue from special events is recorded at the fair market value for goods and services provided, with all amounts in excess of the costs of direct benefits to donors as contributions. Special events revenue includes silent auction proceeds, ticket sales, event pledges, raffle income, merchandise revenue and sponsorships.

Contributed Goods and Services

The value of significant contributed goods is reflected as contributed goods and services in the consolidated financial statements at the fair value of such goods at the date of donation. There were contributed goods of $331,121 and $291,523 for the years ended June 30, 2019 and 2018, respectively. Contributed services are recognized by the Center if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The fair value of such services, which consisted primarily of legal and mental health and medical services, totaled $592,608 and $540,585 for the years ended June 30, 2019 and 2018, respectively, and is included in contributed goods and services in the accompanying consolidated financial statements.

A significant number of volunteers contribute services to the Center that do not meet the criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying consolidated financial statements. The value of such volunteer services received is $403,459 and $388,923 for the years ended June 30, 2019 and 2018, respectively.

Program Fees

Program fees are reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered.

Grants

The Center recognizes grant revenue from all contracts to the extent eligible costs are incurred or services are performed up to an amount not to exceed the total contract authorized.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying Consolidated Statements of Activities and Changes in Net Assets and detailed in the Consolidated Statements of Functional Expenses. The Consolidated Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain expenses have been allocated among the programs based on management's estimates.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, and depreciation and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Center is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the accompanying consolidated financial statements.

The Center has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of any audit by taxing authorities at the federal and state levels. The primary tax positions evaluated relate to the Center's continued qualification as a tax-exempt organization and whether there are unrelated business income activities that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. For the years ended June 30, 2019 and 2018, there were no interest or penalties recorded or included in the Consolidated Statements of Activities and Changes in Net Assets related to taxes.

The tax years ended June 30, 2016 and subsequent years remain open to examination by the taxing jurisdictions to which the Center is subject, and they have not been extended beyond the applicable statute of limitations. No examinations are currently in process.

Non-Operating Income Allocated to Operations

Contributions, except for split-interest agreements and perpetual trusts held by third parties, are reported as operating increases in the appropriate category of net assets. The Board of Directors has designated that split-interest agreements and perpetual trusts held by third parties are not generally available for use in operations; therefore, changes in value are recognized as non-operating activities in the appropriate category of net assets. Investment return, net, including realized and unrealized gains and losses, in excess of amounts utilized in operations, is accounted for as an increase or decrease in non-operating activities. It is classified as net assets without donor restrictions unless its use is restricted by explicit donor stipulations or by law. Other non-operating income includes interest income and expense from various loans held by the Center.

Allocation of Joint Costs

Under ASC 958-720-05, *Accounting for Costs of Activities that Include Fundraising*, entities are required to report the costs of all materials and activities that include a fundraising appeal as fundraising costs, unless certain specific conditions are met, in which case the joint costs may be allocated between fundraising, program, and general and administrative expenses. The Center evaluates all programs that include fundraising to determine which programs would meet the requirements for allocation of costs.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses, including allocations to various program costs, during the reporting period. Actual results may differ from those estimates.

Certain judgments and estimates are considered in determining useful lives and pledge, clinic, pharmacy and grant allowances, including prior collection history, types of contributions, nature of contributions, the discount rate reflecting the risk inherent in future cash flows, the interpretation of current economic indicators and ability of donors to fulfill their future obligation. Actual results may differ from these judgments and estimates and could have a material adverse effect on the Center's financial condition or operating results.

Endowments

The Center is currently in the process of establishing a permanent endowment to be known as the Gil Garfield Fund for the Creative and Performing Arts that will exclusively support programming for the creative and performing arts at the Center. As of June 30, 2019, total contributions received are approximately $2 million and are recorded as net assets with donor restrictions.

Return Objectives and Risk Parameters

The investment objectives for the management of endowment assets will be to manage contributions in a manner that will maximize the benefit intended by the donor, to produce current income to support the programs of the Center, meet donor objectives and to achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets, thus protecting the assets against inflation.

Recently Adopted Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate cost, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statements of cash flows using the direct method must also present a reconciliation (the indirect method). The Center has adopted the ASU retrospectively to all periods presented. Other than the changes to the financial statement presentation and disclosures described above, adoption of the ASU did not have a significant impact on the financial statements. There was no effect on the change in net assets for the year ended June 30, 2018.

Accounting Pronouncements Issued But Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for the Organization until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The Center is currently evaluating the effect the provisions of this ASU will have on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* This update, along with ASU 2018-10, *Codification Improvements to Topic 842: Leases,* ASU 2018-11, *Leases (Topic 842): Targeted Improvements* and ASU 2018-20, *Leases (Topic 842): Narrow-Scope Improvements for Lessors*, establishes a comprehensive leasing standard. These updates require the recognition of lease assets and lease liabilities on the statement of financial position and disclosure of key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The guidance also expands the required quantitative and qualitative lease disclosures as well as provides entities with an additional (and optional) transition method to adopt the new standard. The FASB issued ASC 2019-10*, Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842) – Effective Dates*, clarifying the effective dates of implementation of previously issued guidance. Based on ASU 2019-10, the effective date of ASU 2016-02, *Leases (Topic 842)*, is effective for the Center in fiscal years beginning after December 15, 2019 with early adoption permitted. The Center is currently evaluating the effect the provisions of this ASU will have on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"). The ASU was issued to address the diversity in practice with regard to how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The ASU addresses the following eight types of cash flow issues: (1) debt prepayment or debt extinguishment costs, (2) settlement of zero-coupon debt, (3) contingent consideration related to a business combination, (4) proceeds from the settlement of insurance claims, (5) proceeds from settlement of corporate-owned life insurance policies, (6) distributions received from equity method investments, (7) beneficial interests in securitization transactions, and (8) classification of cash receipts and payments that have aspects of more than one class of cash flows. The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted, but the Entity must adopt all the amendments at that date. The amendments in this ASU should be applied using a retrospective transition method to each period presented. If it is impracticable to do so for certain of these items, the amendments for those issues would be applied prospectively as of the earliest date practicable. The Center is currently evaluating the effect the provisions of this ASU will have on the consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred that, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. The ASU also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The ASU is effective for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. The ASU is effective for transactions in which the entity serves as a resource provider to annual periods beginning after December 15, 2019. The Center is currently evaluating the effect the provisions of this ASU will have on the consolidated financial statements.

Reclassifications

Certain amounts in the 2018 consolidated financial statements have been reclassified to conform with the current year financial statement presentation.

3. Clinic Fees Receivable

Clinic fees receivable, which are due within one year, are as follows:

June 30,	**2019**	2018
Clinic fees receivable	**$ 7,416,918**	$ 6,018,295
Less: allowance for uncollectible clinic fees receivable	**(124,912)**	(51,536)
	$ 7,292,006	$ 5,966,759

4. Pledges Receivable

Pledges receivable, are as follows:

June 30,	**2019**	2018
Pledges receivable	**$ 2,781,322**	$ 3,766,379
Less: unamortized discount	**(181,881)**	(236,623)
Less: allowance for uncollectible pledges	**(144,664)**	(172,680)
Net pledges receivable	**$ 2,454,777**	$ 3,357,076

Gross pledges receivable are due as follows:

June 30,	**2019**	2018
Less than one year	**$ 1,642,769**	$ 2,553,592
One to five years	**738,553**	712,787
More than five years	**400,000**	500,000
Net contributions receivable pledges	**$ 2,781,322**	$ 3,766,379

In May 2014, the Center publicly announced a $25,000,000 Capital Campaign ("Capital Campaign") to acquire, develop and construct a new site for Center services and housing for LGBTQ seniors and youth, the Center's administrative headquarters and retail space on property adjacent to the Center's Village at Ed Gould Plaza. This new site was named the Anita May Rosenstein Campus. Early gifts to the Capital Campaign exceeded expectations, and in 2016, the Center's Board of Directors increased the goal to $40,000,000 in two phases: $25,000,000 in Phase 1 and $15,000,000 in Phase 2. In the subsequent two years, construction costs in Los Angeles dramatically escalated and millions of dollars in unexpected costs were imposed on the project by the local and state government for improvements such as upgrading the area's power grid and a bike lane on the portion of Santa Monica Boulevard fronting the Campus. In response, a new milestone was set for the Capital Campaign to exceed $50,000,000. The Center closed the Capital Campaign on June 30, 2019 with approximately $67,000,000 raised, including $9,500,000 from a New Markets Tax Credit transaction (see Note 23), the largest Capital Campaign in the LGBT community's history.

During the year ended June 30, 2019, total cash collected related to the Capital Campaign was $38,424,691. For the year ended June 30, 2019, the Center recognized $8,018,021 as revenue, including an unamortized discount of $163,260. At June 30, 2019, the Center had unconditional or irrevocable pledges due in more than one year of $900,000 related to the Capital Campaign, included in the revenue recognized. At June 30, 2019, the Center had signed Statements of Intent in the amount of $14,309,533 related to the Capital Campaign, which are not recognized as revenue until received. During the year ended June 30, 2018, total cash collected related to the Capital Campaign was $29,267,312. For the year ended June 30, 2018, the Center recognized $8,515,778 as revenue, including an unamortized discount of $122,383. At June 30, 2018, the Center had unconditional or irrevocable pledges due in more than one year of $1,000,000 related to the Capital Campaign, included in the revenue recognized. At June 30, 2018, the Center had signed Statements of Intent in the amount of $14,478,297 related to the Capital Campaign, which are not recognized as revenue until received.

5. Contributions Receivable – Held in Trust and Beneficial Interest in Trusts

Contributions receivable held in trust at June 30, 2019 and 2018, were $2,862,706 and $3,185,737, respectively. The contributions received during the year are measured at fair value of the underlying assets in the accompanying consolidated financial statements at the time of gift. There were no new contributions held in trust received during the years ended June 30, 2019 and 2018. Subsequent changes in the value of the underlying assets are recorded in the accompanying Consolidated Statements of Activities and Changes in Net Assets as a component of non-operating income/gains (losses) and other revenue. Under the trust, income is distributed to the Center each year and is treated as net assets with donor restrictions for youth-oriented programs. Total income distribution for the years ended June 30, 2019 and 2018 was $245,000 and $152,484, respectively. Principal of the trust is distributed to the Center either based on a predetermined schedule or at the discretion of the trustees. There were no trust principal payments received by the Center during the years ended June 30, 2019 and 2018.

The Center is a beneficiary of irrevocable charitable remainder trusts held and administered by third-party trustees; the significant ones are noted below.

On November 9, 2010, the Center was named an irrevocable 89% beneficiary of a charitable remainder trust consisting of a four-unit apartment building in Los Angeles, California. An independent appraisal was obtained to determine the fair market value for both 2019 and 2018. This amount is classified as with donor restrictions net assets. At June 30, 2019 and 2018, the charitable remainder trust was adjusted to its estimated fair value of $1,362,200 and $1,275,761, respectively, and the change in fair value was classified as unrealized loss on the Consolidated Statements of Activities and Changes in Net Assets.

On December 17, 1993, the Center was named as 100% beneficiary of a charitable remainder trust holding a California limited liability company ("LLC"). The LLC owned a one-third interest in a shopping center and restaurant site in Montclair, California. On November 14, 2003, the benefactor amended the charitable remainder trust to name the Center as irrevocable beneficiary in exchange for the establishment of a permanent endowment fund in his honor upon death. The benefactor passed away and the LLC's portion in the shopping center and restaurant site were sold and the Center received proceeds of $1,692,138 for their interest. The Center did not recognize a gain on the sale, as the cash proceeds approximated fair value. At June 30, 2019, an endowment fund has not yet been created and the Center is in the process of creating the endowment fund in accordance with the agreement. Funds received are classified as net assets with donor restrictions and total approximately $2 million.

Beneficial interests in trusts at June 30, 2019 and 2018 were $2,403,589 and $2,261,156, respectively.

6. Leverage Loan Receivable

In June 2017, as part of the NMTC transaction executed in June 2017 (see Note 23), the Center committed to lend $28,910,100 to AMR Campus Investment Fund, LLC, which is an unconsolidated related party.

The notes accrue interest at a fixed rate, with interest-only payable quarterly at a rate of 1.00% over the first seven years and quarterly principal and interest (1.00%) payments are then required through 2041.

Notes receivable at June 30, 2019 and 2018, are as follows:

June 30,	**2019**	2018
AMR Campus Investment Fund, LLC with interest accruing at an annual rate of 1%; 1% interest-only quarterly payments are due through June 15, 2024, and then principal and interest payments of $462,839 are due quarterly through maturity in June 23, 2041.	**$ 28,910,100**	$ 28,910,100

7. Contracts and Grants Receivable

Receivables expected to be collected within one year under the following contracts and grant awards are:

June 30,	**2019**	2018
Alliance for Housing and Healing	**$ 77,026**	$ 54,967
California Office of Aids	**445,032**	398,665
California Office of Emergency Services	**546,356**	129,252
Centerlink	**11,320**	-
Chembio Diagnostic System, Inc.	**80,917**	-
Children's Hospital Los Angeles	**5,124**	8,820
City of Los Angeles	**78,675**	34,205
City of West Hollywood	**12,090**	8,264
Howard Brown Health Center	**5,000**	-
Legal Aid Foundation of Los Angeles	**1,000**	3,000
Los Angeles County Department of HIV and STD Programs	**3,739,604**	1,801,419
Los Angeles County Department of Mental Health	**269,046**	579,123
Los Angeles County Department of Probation	**3,334**	5,000
Los Angeles Homeless Services Authority	**1,339,637**	1,087,940
Mid-Atlantic Network of Youth & Family Services	**11,811**	7,154
Social & Scientific Systems, Inc.	**120**	12,660
The General Hospital Corporation	**15,519**	-
The People Concern OPCC & LAMP Community United	**260,688**	94,546
The RAND Corporation	**2,483**	-
The University of Pittsburgh	**5,900**	6,400
United Way of Greater Los Angeles	**28,447**	21,351
University of California, Los Angeles	**160,777**	338,797
US Department of Health & Human Services	**348,148**	442,246
US Department of Justice	**11**	44,795
US Department of State	**110,664**	211,444
Allowance for Contracts and Grants Receivable	**(90,245)**	(76,127)
Net Contract and Grant Receivables	**$ 7,468,484**	$5,213,921

8. Investments

Investments consist of the following:

June 30,	**2019**	2018
Mutual funds	**$ 3,347,152**	$ 3,185,611
Equity securities	**5,297,585**	5,918,146
Fixed income securities	**5,840,551**	5,069,275
Non-traditional securities	**2,459,310**	2,311,996
	$ 16,944,598	$ 16,485,028

Net investment return consists of the following:

Years ended June 30,	**2019**	2018
Dividend income	**$ 728,465**	$ 564,387
Interest income	**69,600**	45,820
Total dividend and interest	**798,065**	610,207
Gross realized losses from sale of securities	**(82,923)**	(51,087)
Gross realized gains from sale of securities	**163,933**	309,972
Gross unrealized losses on fixed income securities	**(180,992)**	(266,424)
Gross unrealized gains on fixed income securities	**201,187**	160,804
Gross unrealized losses on equity securities	**(1,013,980)**	(540,313)
Gross unrealized gains on equity securities	**1,088,777**	971,918
Gross unrealized losses on non-traditional securities	**(189,114)**	(210,494)
Gross unrealized gains on non-traditional securities	**169,239**	72,887
Gross unrealized losses on mutual funds	**-**	(112)
Gross unrealized gains on mutual funds	**1,253**	158
Investments charges	**(96,307)**	(98,003)
Total realized and unrealized gains, net	**61,073**	349,306
Net investment return	**$ 859,138**	$ 959,513

Fixed income securities consist primarily of agency securities, domestic and international mutual funds and investment-grade corporate securities.

All investments are classified between short-term and long-term investments on the Consolidated Statements of Financial Position, based on their maturity date and the Center's intentions.

9. Fair Value Measurements

The following tables summarize the Center's fair value measurements by level at June 30, 2019 and 2018 for the assets and liabilities measured at fair value on a recurring basis:

June 30, 2019	*Level 1*	*Level 2*	*Level 3*	*Total*
Mutual funds	**$ 3,347,152**	**$ -**	**$ -**	**$ 3,347,152**
Equity securities	**5,297,585**	**-**	**-**	**5,297,585**
Fixed income securities	**5,840,552**	**-**	**-**	**5,840,552**
Non-traditional securities	**2,080,495**	**-**	**378,815**	**2,459,310**
Contributions receivable, held in trust	**2,862,706**	**-**	**-**	**2,862,706**
Beneficial interests in trusts	**-**	**-**	**2,403,589**	**2,403,589**
Total assets at fair value	**$ 19,428,490**	**$ -**	**$ 2,782,404**	**$ 22,210,894**
Annuities payable	**$ -**	**$ -**	**$ 1,181,174**	**$ 1,181,174**

June 30, 2018	*Level 1*	*Level 2*	*Level 3*	*Total*
Mutual funds	$ 3,185,611	$ -	$ -	$ 3,185,611
Equity securities	5,918,146	-	-	5,918,146
Fixed income securities	5,069,275	-	-	5,069,275
Non-traditional securities	2,069,097	-	242,899	2,311,996
Contributions receivable, held in trust	3,185,737	-	-	3,185,737
Beneficial interests in trusts	-	-	2,261,156	2,261,156
Total assets at fair value	$ 19,427,866	$ -	$ 2,504,055	$ 21,931,921
Annuities payable	$ -	$ -	$ 1,087,655	$ 1,087,655

The Center's investments that are measured at fair value on a recurring basis are generally classified within Level 1 of the fair value hierarchy. The fair value of these investments are based on quoted market prices in active markets.

Level 1 measurement valuation techniques: The fair value of mutual funds, equity securities and structured equity products, fixed income securities, non-traditional securities and investments underlying the contributions receivable – held in trust are based on the market approach, which utilizes market transaction data for the same or similar instruments. Fair values of financial assets are obtained from an independent pricing service and are based on unadjusted quoted prices for identical assets in active markets.

Level 2 measurement valuation techniques: The fair value of certain equity securities and structured equity products are based on the market values obtained from an independent pricing service that were evaluated using pricing models and incorporate available trade, bid and other market information and price quotes.

Level 3 measurement valuation techniques: For fair value measurements categorized within Level 3, the valuations are based as follows: Beneficial interest in trusts are measured based on the discounted present value of the remainder interest for each charitable remainder trust based on the actuarial tables established by the IRS and are adjusted annually through the Consolidated Statements of Activities and Changes in Net Assets to reflect estimated fair value. Annuities payable are recorded at estimated fair value as liabilities in the Consolidated Statements of Financial Position at estimated fair value using present value calculations based on actuarial tables and discount rates established by the IRS.

The following table summarizes the Center's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2019 and 2018:

June 30,	**2019**	2018
Beginning balance	**$ 2,504,055**	$ 2,231,931
Purchase of non-traditional securities	**135,915**	123,204
Total net gains included in change in net assets (realized/unrealized)	**142,434**	148,920
Ending balance	**$ 2,782,404**	$ 2,504,055

The following table summarizes the Center's activity for liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2019 and 2018:

June 30,	**2019**	2018
Beginning balance	**$ 1,087,655**	$ 1,091,408
Change in value of split interest agreements	**198,652**	149,179
Receipts	**76,128**	37,037
Payments	**(181,261)**	(189,969)
Ending balance	**$ 1,181,174**	$ 1,087,655

There were no changes in the valuation methodologies.

10. Property and Equipment

Property and equipment consists of the following:

June 30,	**2019**	2018
Land	**$ 3,291,913**	$ 3,550,247
Buildings and improvements	**13,847,857**	13,356,600
Leasehold improvements	**2,101,952**	2,114,109
Furniture, fixtures and equipment	**3,728,169**	2,268,288
Computers and software	**2,016,632**	1,138,047
Construction in progress	**485,986**	33,641
Total Center property and equipment	**25,472,509**	22,460,932
Less: accumulated depreciation and amortization, including $82,722 and $87,762 accumulated depreciation for equipment acquired under capital leases at June 30, 2019 and 2018, respectively.	**15,018,792**	13,772,648
Total Center property and equipment, net of depreciation and amortization	**10,453,717**	8,688,284
AMR Campus - Land	**9,558,063**	15,478,253
AMR Campus – Buildings	**67,490,999**	-
AMR Campus – Furniture, fixtures and equipment	**402,262**	-
AMR Campus – Construction in progress	**-**	38,202,324
Total AMR Campus property and equipment	**77,451,324**	53,680,577
Less: accumulated depreciation and amortization, at June 30, 2019 and 2018, respectively.	**423,603**	-
Total AMR Campus property and equipment, net of depreciation and amortization	**77,027,721**	53,680,577
Total consolidated property and equipment, net of depreciation and amortization	**$ 87,481,438**	$ 62,368,861

For the years ended June 30, 2019 and 2018, the value of the assets under capital lease obligations were $388,914 and $395,299, respectively.

Depreciation and amortization expense was $1,690,167 and $1,139,819 for the years ended June 30, 2019 and 2018, respectively. The Center did not dispose of any assets for the years ended June 30, 2019 and 2018.

11. Lines of Credit

On June 20, 2017, the Center executed a new $5,500,000 revolving line of credit (“LOC”) with Wells Fargo Bank (“WFB”) with a maturity date of June 20, 2019. On June 20, 2019, the Center extended the $5,500,000 LOC with WFB with a maturity date of June 20, 2021. The LOCs were all collateralized by the Center’s accounts receivable, general intangibles, inventory and equipment and bear interest at 2.00% above the Daily One Month LIBOR. There is an unused drawdown fee of 0.25% that is assessed on a quarterly basis. All LOCs required the Center to meet certain covenants. As of June 30, 2019 and 2018, the Center was in compliance with all covenants. There were no outstanding balances under the LOCs as of June 30, 2019 and 2018. During the years ended June 30, 2019 and 2018, the Center did not draw down on the LOCs and therefore, did not incur any interest expense related to the LOCs, other than the unused drawdown fee, which was immaterial as of June 30, 2019 and 2018. There were no outstanding balances under the LOCs as of December 19, 2019.

12. Term Loan/Revenue Bond

On June 20, 2017, the Center executed a new Term Loan/Revenue Bond (“Bond”) for $19,100,000 with Wells Fargo Bank issued by California Enterprise Development Authority (“CDE”) with a maturity date of June 20, 2047. The Bond is collateralized by a 1st Deed of Trust/Mortgage on the properties located at 1119-1125 N McCadden Place, Los Angeles, CA 90038 and 1625 N Schrader Boulevard, Los Angeles, CA 90028 at an Index Floating Rate Mode whereby the interest rate on the Bond will be reset monthly at 67% of One Month LIBOR plus an applicable spread of 1.51%. There is an unused drawdown fee of 0.10% that is assessed on a quarterly basis. The Bond requires the Center to meet certain covenants. As of June 30, 2019 and 2018, the Center was in compliance with all covenants. During the years ending June 30, 2019 and 2018, the Center did not draw on the Bond and therefore, did not incur any interest expense related to the Bond, other than the unused drawdown fee, which was immaterial as of June 30, 2019 and 2018. There was no outstanding balance under the Bond as of June 30, 2019 and 2018. There was no outstanding balance under the Bond as of December 19, 2019.

13. Bridge Loan Note

On June 20, 2017, the Center executed a new Bridge Loan Note (“Bridge Note”) for $10,000,000 with Wells Fargo Bank with a maturity date of June 20, 2019. The Bridge Note is collateralized by any eligible investments and marketable securities held with Morgan Stanley at a fluctuating rate of (i) Prime plus 0% or (ii) One Month LIBOR plus .80% subject to a floor of 0%. During the years ending June 30, 2019 and 2018, the Center did not draw on the Bridge Note and therefore, did not incur any interest expense related to the Bridge Note. There was no outstanding balance under the Bridge Note as of June 30, 2019 and 2018. The Bridge Note matured on June 20, 2019.

14. Note Payable to City of Los Angeles

The City of Los Angeles ("City") provided $4,930,159 of Community Development Block Grant ("CDBG") funds for the Senior Component of the Project for the acquisition of the air space parcel on which to build the senior affordable housing. To accomplish this objective, the City executed a 55-year Acquisition and Permanent Loan ("City Loan") with the Center on January 16, 2018. Concurrent to this City Loan, the Center entered into a loan agreement with the Partnership, under the same terms and conditions as the City Loan. The Partnership then used these funds to buy the air space parcel from AMR QALICB when the senior affordable housing transaction closed on September 19, 2018. As a result, the Center has a receivable from the Partnership for $4,930,159 related to the loan and a payable to the City for the same amount.

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15. Debt

Notes payable and capital lease obligations are summarized as follows:

June 30,	**2019**	2018
Note payable to City of Los Angeles, collateralized by McCadden Plaza Senior Housing Project Land ("Project"). The note shall bear simple interest at the rate of 4% percent per annum on the principal amount outstanding. The principal of the loan and all accrued interest thereon shall be due and payable January 2073. Interest and principal payments to repaid from residual receipts of the Project, if any. See Note 14.	**$ 4,930,159**	$ -
Note payable A-1 to New Markets Community Capital XX, LLC, collateralized by land and building, due June 2047, at 1.33% interest only payment, payable quarterly until June 2024 then coverts to principal and interest; annual principal payments to be repaid from residual receipts of operations (as defined). See Note 23.	**10,210,500**	10,210,500
Note payable B-1 to New Markets Community Capital XX, LLC, collateralized by land and building, due June 2047, at 1.33% interest only payment, payable quarterly until June 2024 then coverts to principal and interest; annual principal payments to be repaid from residual receipts of operations (as defined). See Note 23.	**4,489,500**	4,489,500
Note payable A-2 to GLA SUB-CDE XX, LLC, collateralized by land and building, due June 2047, at 1.33% interest only payment, payable quarterly until June 2024 then coverts to principal and interest; annual principal payments to be repaid from residual receipts of operations (as defined). See Note 23.	**6,807,000**	6,807,000
Note payable B-2 to GLA SUB-CDE XX, LLC, collateralized by land and building, due June 2047, at 1.33% interest only payment, payable quarterly until June 2024 then coverts to principal and interest; annual principal payments to be repaid from residual receipts of operations (as defined). See Note 23.	**2,993,000**	2,993,000
Note payable A-3 to LADF XI, LLC, collateralized by land and building, due June 2047, at 1.33% interest only payment, payable quarterly until June 2024 then coverts to principal and interest; annual principal payments to be repaid from residual receipts of operations (as defined). See Note 23.	**6,607,000**	6,607,000

June 30,	**2019**	2018
(continued)		
Note payable B-3 to LADF XI, LLC, collateralized by land and building, due June 2047, at 1.33% interest only payment, payable quarterly until June 2024 then coverts to principal and interest; annual principal payments to be repaid from residual receipts of operations (as defined). See Note 23.	**3,393,000**	3,393,000
Note payable A-4 to LIIF SUB-CDE XI, LLC, collateralized by land and building, due June 2047, at 1.33% interest only payment, payable quarterly until June 2024 then coverts to principal and interest; annual principal payments to be repaid from residual receipts of operations (as defined). See Note 23.	**5,285,600**	5,285,600
Note payable B-4 to LIIF SUB-CDE XI, LLC, collateralized by land and building, due June 2047, at 1.33% interest only payment, payable quarterly until June 2024 then coverts to principal and interest; annual principal payments to be repaid from residual receipts of operations (as defined). See Note 23.	**2,474,400**	2,474,400
Capital lease obligation, expiring February 8, 2023. Payable in variable monthly principal and interest payments from $5,662 to $415.	**36,194**	180,300
Total debt	**47,226,353**	42,440,300
Less: cost of issuance	**(1,322,358)**	(1,338,636)
Less: current portion of long-term debt	**(25,162)**	(144,106)
Long-term debt, net of current portion	**$ 45,878,833**	$ 40,957,558

Minimum principal payments on notes payable and capital lease obligations are summarized as follows:

Years ending June 30,	CDBG Loan Payable	Capital Leases	NMTC Notes Payable	Total
2020	$ -	$ 25,163	$ -	$ 25,163
2021	-	3,870	-	3,870
2022	-	4,361	-	4,361
2023	-	2,800	-	2,800
2024	-	-	275,000	275,000
Thereafter	4,930,159	-	41,985,000	46,915,159
	$ 4,930,159	$ 36,194	$ 42,260,000	$ 47,226,353

Interest expense related to long-term debt was $190,131 and $334,469 for the years ended June 30, 2019 and 2018, respectively.

16. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities are as follows:

June 30,	**2019**	2018
Accrued payroll and other employee expenses	**$ 5,756,164**	$ 5,280,153
Medi-Cal refund reserve	**768,127**	579,550
Accrued expenses	**783,379**	319,913
Due to grantors	**273,896**	260,025
Medical insurance payable	**193,178**	137,341
Retreatment vaccine reserve	**135,931**	360,391
Other liabilities	**149,456**	118,697
340B pharmaceutical reserve	**67,820**	460,979
Total accrued expenses and other liabilities	**$ 8,127,951**	$ 7,517,049

Medi-Cal Refund Reserve

As a Federally Qualified Health Center (FQHC), the Center files an annual reconciliation report with the State of California Medi-Cal program. The Center determined that a reserve should be established for payback requests once the reconciliation reports have been audited by the State. As of June 30, 2019, $393,291 and $374,836 was established for the reconciliation report for fiscal year 2019 and 2018, respectively. The total reserve amount is $768,127.

340B Pharmaceutical Reserve

The Center determined that from October 2014 through September 2015 some pharmaceutical drugs were incorrectly replenished using the 340B Drug Pricing Program. The Center estimated the refund to drug manufacturers to be $404,101 through June 30, 2015 and established a reserve in that amount. An additional reserve amount of $170,092 was estimated for replenishment activity from July 2015 through September 2015. The total reserve amount was $574,193 as of June 30, 2018. As of June 30, 2019, the Center has reimbursed 13 pharmaceutical manufacturers in the amount of $113,214. As of June 30, 2019, there are six pending reimbursements and there have been no reimbursement requests from other manufacturers. The Center has estimated the amount for the six pending reimbursements to be $67,820 and has reduced the reserve to this amount.

Retreatment Vaccine Reserve

In March 2018, the Center discovered that the refrigerators in the clinic services area had gone out of the recommended temperature range for the storage of various vaccines used in the clinic. After further investigation, it was determined that these temperature excursions had occurred periodically from May 2016 to March 2018. For those patients who received vaccinations during the affected period, the Center has and will provide complimentary vaccinations. The Center estimated the cost of revaccinations for this population to be $360,391 as of June 30, 2018, and established a reserve in that amount. As of June 30, 2019, the Center has provided vaccinations in the amount of $224,460. The remaining reserve amount is $135,931.

Medical Insurance Payable

The Center identified that a small number of pharmacy transactions billed to Medi-Cal from July 2017 through June 2018 were not being adjudicated correctly based on the acquisition cost plus the dispensing fee. The Center estimated the overpayment amount to be $137,341 through June 30, 2018 and established a reserve in that amount. An additional amount of $7,666 was established through June 30, 2019. The total reserve amount is $193,178.

In August 2017, the State of California Medi-Cal program announced that an increase in the dispensing fee for pharmaceuticals would take effect on April 1, 2017. The Center adjusted the dispensing fee billed per the new guidelines in October 2017. A policy clarification was issued in June 2018, stating that the change would not formally take effect until February 2019 and Medi-Cal would retroactively adjust billings. The Center adjusted the billed dispensing fee pending further guidance from Medi-Cal. A policy clarification was received in January 2019 confirming implementation in February 2019 and that communications related to retro-active implementation would be forthcoming. The Center determined that the payback amount for early implementation of the new dispensing fee from October 2017 through June 2018 was $35,792 and established a reserve in that amount.

As a Federally Qualified Health Center (FQHC), the Center files an annual cost report with the federal Medicare program at which time reimbursements related to vaccine administration are determined. The Center received the cost report settlement for fiscal year 2018 in March 2019, but there was a concern the payment was overstated by $12,379. The Center established a reserve in that amount.

17. Commitments and Contingencies

Capital Leases

The Center leases certain equipment under agreements that are classified as capital leases. The current and long-term portions of capital lease obligations as of June 30, 2019, are presented in Note 15.

Aggregate maturities required on capital lease obligations are as follows:

Years ended June 30,	Amount
2020	$ 26,897
2021	4,985
2022	4,985
2023	2,913
Less: portion representing interest	(3,586)
Total	$ 36,194

Operating Leases

The Center executed a lease agreement effective on March 25, 2011 to lease an approximately 32,000 square-feet building in Los Angeles, California. The term was five years and six months and commenced on April 1, 2011 and was to end on September 30, 2016. The Center renegotiated and extended the lease agreement effective on March 23, 2016. The term was two years and seven months and commenced on October 1, 2016 and ended on April 30, 2019.

The Center executed a lease agreement effective on December 10, 2014 to lease an approximately 2,500 square-feet space in West Hollywood, California. The term is five years and commenced on September 1, 2015. The base rent is $14,000 per month plus $1,500 per month for 10 parking spaces. The fixed rental adjustment of the base rent is set to increase 3% annually, effective one year after the space is occupied. The total amount of rental payments due over the lease term is charged to rent expense on the straight-line method over the term of the lease. The Center is in the process of extending the lease agreement.

The Center executed a lease agreement effective on July 30, 2015 to lease an approximately 2,000 square-feet space in Los Angeles, California. The term was one year and five months and commenced on August 1, 2015. The base rent was $3,100 per month for two office units. The fixed rental adjustment of the base rent was set to increase annually, as defined in the lease agreement, effective one year after the commencement of the first payment. The total amount of rental payments due over the lease term was charged to rent expense on the straight-line method over the term of the lease. On April 1, 2016, the Center amended the lease to add an additional office unit. The term was two years. The base rent was $2,800 per month for the additional office unit. On April 1, 2018 the Center extended the lease agreements. The term is two years and commenced on April 1, 2018. The base rent is $6,330 per month for all office units.

The Center executed a lease agreement effective on April 11, 2017 to lease an approximately 4,000 square-feet space in Los Angeles, California. The term was two years and commenced on the April 24, 2017. The base rent was $6,250 per month, including parking. The base rent was set to increase annually by the greater of the increase in the Consumer Price Index, as defined in the lease agreement, or 3%. The total amount of rental payments due over the lease term was charged to rent expense on the straight-line method over the term of the lease. The Center extended the lease agreement effective on March 26, 2019. The term is one year and commenced on June 1, 2019 and will end on May 31, 2020. The base rent is $8,691, which includes the initial premises from the original lease and approximately 1,200 square-feet of additional space. On October 8, 2019 the Center executed a Commercial Property Purchase Agreement and Joint Escrow Instructions to purchase the property. See Note 26, Subsequent Events.

The Center executed a lease agreement effective on August 15, 2018 to lease an approximately 5,520 square-feet space in South Los Angeles, California. The term is ten years and four months and commenced on July 1, 2018. The base rent is $16,048, including parking, and commenced on November 1, 2018. The fixed rental adjustment of the base rent is set to change annually on December 15th, as defined in the lease agreement. The total amount of rental payments due over the lease term is charged to rent expense on the straight-line method over the term of the lease. The Center has a one-time option to terminate the lease as of December 14, 2023.

At June 30, 2019, the estimated future minimum rental payments under these leases are as follows:

Years ending June 30,	Amount
2020	$ 656,074
2021	315,027
2022	265,363
2023	207,397
2024	211,816
Thereafter	810,934
Total	$ 2,466,611

Rent expense is as follows:

Years ending June 30,	**2019**	2018
Rent expense	**$ 1,243,098**	$ 1,238,340
Sublease rental income	**(71,494)**	(52,116)
Rent expense, net	**$ 1,171,604**	$ 1,186,224

Employment Agreements

The Center entered into an employment agreement with the Chief Executive Officer ("CEO") effective June 16, 2012 for a term of ten years. The agreement provides for an annual base salary, various benefits and a possible annual performance bonus. This followed three successive agreements, two two-year and one five-year, under which the CEO accrued an entitlement to severance. The current agreement also includes a severance provision in the event that the CEO is terminated with or without cause. If the CEO is terminated with cause on or after June 16, 2015, she accrues an additional severance entitlement. If the CEO is terminated without cause, the Center is required to pay all salary and benefits due under the terms of the agreement, including severance. The current agreement also has a provision which the CEO may resign and will receive the severance entitlement through the date of resignation. However, the CEO must mitigate these liabilities by promptly seeking new employment. In the event that the salary of said new employment is less than the salary under the terms of the current agreement, the Center must pay the CEO the difference. The Center also entered into a severance agreement with an employee which provides for certain severance payments upon resignation or termination without cause any time after July 1, 2017. The payments range between four months to one year at the current salary depending on the date of resignation or termination. As of June 30, 2019 and 2018, the Center has accrued $284,041 and $589,928, respectively, related to these agreements.

Litigation

The Center is a party to various pending legal actions. The Center's management believes that the ultimate disposition of all such matters will not have a material effect on the consolidated financial position.

Government Regulations

The Center is subject to extensive regulation by numerous government authorities, including federal, state and local jurisdictions. Although the Center believes that it is currently in compliance with applicable laws, regulations and rules, some such laws are broadly written and subject to interpretation by courts or administrative authorities. The Center also participates in a number of federally funded grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of expenditures, if any, which may be disallowed by the granting agencies cannot be determined at this time, although the Center expects such amounts, if any, would not be material to its consolidated financial position.

18. Retirement Plans

Defined Contribution Plan

The Center has a defined contribution plan covering substantially all employees who have completed one year of service and have attained the age of 18. Employer contributions are at the discretion of management. There were no employer contributions for the years ended June 30, 2019 and 2018.

Deferred Compensation Plan

The Center has a nonqualified deferred compensation plan (under IRC Section 457(b)) for key executives to defer a portion of their compensation. The deferred amounts and earnings thereon are payable to participants, or designated beneficiaries, upon retirement or death. The Center does not make contributions to this plan. At June 30, 2019 and 2018, the Center holds assets totaling $1,242,193 and $1,164,925, respectively, which are recorded in other assets and a corresponding liability in accrued expenses and other liabilities in the accompanying Consolidated Statements of Financial Position. The assets are subject to the claims of general creditors. The investments of the trust are held in separate accounts for investment purposes, but are designated by the Board for use to satisfy this deferred compensation liability. Investment gains and losses from the deferred compensation investments are recorded directly to the asset account and the corresponding liability account.

19. Net Assets

Without Donor Restrictions Net Assets

	2019	2018
Undesignated	**$ 115,057,119**	$ 97,486,980
Without donor restrictions net assets	**$ 115,057,119**	$ 97,486,980

With Donor Restrictions Net Assets

With donor restrictions net assets are subject to the following restrictions at June 30, 2019 and 2018:

	2019	2018
Purpose restrictions		
Development of Anita May Rosenstein Campus	$ 836,740	$ 1,981,098
Health and HIV Prevention Services	499,885	457,385
Policy	-	31,100
Youth, Seniors and Women's Services	92,855	167,275
Charitable remainder trusts	2,801,129	3,173,854
Funds to establish an endowment	2,102,138	2,102,138
Subtotal – purpose restrictions	6,332,747	7,912,850
Time restrictions		
Charitable remainder trusts	2,266,515	2,123,859
For periods after June 30, 2019 and 2018 - general operations	1,025,297	720,217
Subtotal – time restrictions	3,291,812	2,844,076
With donor restrictions net assets	$ 9,624,559	$ 10,756,926

Net assets of $2,371,155 and $1,829,447 were released from donor and time restrictions in 2019 and 2018, respectively, by incurring expenses related to specific programs that satisfied the restricted purposes.

At June 30, 2019 and 2018, net assets with donor restrictions of $5,101,918 and $5,425,172, respectively, are contributions restricted by donors whereby the interest and dividends are used to support operations of the Center. These net assets with donor restrictions are primarily managed by third-party trustees, and the Center does not have control over investment decisions.

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20. Liquidity and Availability of Resources

The Center's financial assets available within one year of the Consolidated Statements of Financial Position date for general expenditure are as follows:

Years ended June 30,	**2019**	2018
Cash and cash equivalents	**$ 19,430,841**	$ 20,788,025
Short-term investments	**15,139,404**	14,807,916
Accounts and other receivables	**68,164**	121,700
Receivable from affiliate – current	**1,831,919**	2,142,765
Clinic fees receivable, net	**7,292,006**	5,966,759
Contracts and grants receivable, net	**7,468,484**	5,213,921
Pledges receivable current, net	**1,498,105**	2,380,912
Total financial assets available within one year*	**52,728,923**	51,421,998
Less:		
Amounts unavailable for		
general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	**(1,429,480)**	(2,636,858)
Restricted by donors in perpetuity	**(2,102,138)**	(2,102,138)
Total amounts unavailable for general expenditures within one year	**(3,531,618)**	(4,738,996)
Total financial assets available to management for general expenditures within one year	**$ 49,197,305**	$ 46,683,002

**Total current assets, less restricted cash and inventories*

Liquidity Management

The Center maintains a policy of structuring its financial assets to be available as its general expenses, liabilities and other obligations come due. In addition, the Center invests cash in excess of weekly requirements in short-term investments.

To help manage unanticipated liquidity needs the Center has a committed line of credit of $5,500,000, which it could draw upon.

21. Allocation of Joint Costs

The Center conducted activities that include requests for contributions, as well as program, management and general components. Those activities included a special event. The costs of conducting those activities included $3,694,084 and $3,469,409 of joint costs for the years ended June 30, 2019 and 2018, respectively, which are not specifically attributable to components of the activities (joint costs).

These joint costs were allocated as follows:

Years ended June 30,	**2019**	2018
Fundraising	**$ 2,944,871**	$ 2,862,399
Health/Education/Prevention Program	**749,213**	607,010
Total	**$ 3,694,084**	$ 3,469,409

22. Anita May Rosenstein Campus

McCadden Campus, LLC ("Campus LLC") and McCadden Plaza Affordable Housing, LLC ("TSA LLC"), an unrelated third party, are the General Partners ("Partners") of McCadden Plaza, LP ("Partnership" or "LP"), a partnership formed in February 2014 to acquire real property located at 1116 North McCadden Place and 6725 Santa Monica Boulevard in Los Angeles ("East Property") to build a mixed-use development ("Project"). The East Property was acquired from the State of California on February 20, 2014 for $12,700,000 with the stipulation that the East Property was to be used for an affordable housing project. Thereafter, the Center donated a small adjacent parcel of land to the Project. The Project scope is to build up to 100 units of affordable housing for seniors, with parking, ("Senior Component"), as well as Center programming space for seniors and youth, housing for homeless youth, the Center's administrative offices and retail space, with parking, ("Center Component"). The Project was subsequently named the Anita May Rosenstein Campus.

Campus LLC is wholly-owned by the Center. Campus LLC is the Managing General Partner of the Partnership; however, the Partnership is jointly controlled with TSA LLC. The partnership obligations are set forth in the McCadden Plaza LP Limited Partnership Agreement ("LPA") and the First Amendment to the LPA ("Amendment").

In addition, on April 15, 2017, an Agreement of Limited Partnership of McCadden Plaza TAY Housing LP ("TAY LP"), a California limited partnership, was executed by an affiliate of TSA LLC. Neither the Center nor any of its affiliates were party to that agreement. On November 14, 2017, the Partners executed an Amended and Restated Agreement of Limited Partnership of McCadden Plaza TAY Housing LP ("Amended TAY LPA") to acquire real property located at 1119 North McCadden Place ("West Property"), which was owned by the Center, and develop up to 26 units of affordable housing for youth ("Youth Component") as well as parking.

At the time, the Partners intended for the East Property to be subdivided into legal parcels pursuant to an air-rights subdivision ("Subdivision"), which subsequently occurred on February 21, 2018.

The Center owns and was primarily responsible for the management and supervision of the construction of the Center Component through an affiliate AMR QALICB. The Center was solely responsible for obtaining financing for the acquisition, construction and development of the Center Component and associated parking.

To the extent the Partnership or TAY LP required funds for the development of the Senior Component and Youth Component, primarily related to the land acquisition, parking and Soft Costs, Center LLC and TSA LLC were responsible for advancing funds. However, to start the Project before the Partnership and TAY LP had secured their respective financings, the Center agreed to advance a substantial portion of their costs and be repaid once their financings were closed and funds were available. The Partners will reconcile existing advances and contributions by the Partners to reflect any updated cost allocation plans and conclude on the final amounts.

On June 14, 2017, the Partnership executed a Guaranteed Maximum Price Contract ("Contract") with Swinerton Builders ("Contractor"). The contract sum was guaranteed by the Contractor not to exceed $57,533,628 without approved change orders. The Contract includes construction of the foundation, approximately 350 underground parking stalls, site work and buildings related to the Center Component. As of June 30, 2019, the Contract was increased to $66,907,483 through additional change orders. As of November 30, 2019, the Contract was increased to $67,177,646 through a series of change orders and, in addition, approximately $500,000 in pending change orders were under review related to upgrading the area's power grid, installing a bike lane on Santa Monica Boulevard, and upgrading an adjoining neighbor's property that was impacted by the Project construction. Construction on the Project began on June 23, 2017.

As part of financing the development of the Center Component and parking, the Center entered into a New Markets Tax Credit ("NMTC") transaction on June 23, 2017, which is fully described in Note 23. As the Subdivision of the East Property was not recorded prior to June 23, 2017, the Partnership was required to transfer the deed of the East Property to AMR QALICB, including the Senior Component of the land, to complete the transaction. The Partners executed the Amendment on June 15, 2017 to transfer the East Property. AMR QALICB executed an Amended and Restated Agreement of Purchase and Sale and Joint Escrow Instructions, effective June 21, 2017, with the Partnership to sell the affordable housing air space parcel of the East Property to the Partnership for development of the Senior Component for $4,930,158 following Subdivision.

In addition, AMR QALICB executed two additional Agreements of Purchase and Sale and Joint Escrow Instructions with the Partnership to sell parking for the Senior Component and Youth Component in an amount equal to $54,557 per parking stall. The number of parking stalls to be sold were subject to negotiation. These agreements were later amended and restated in 2018 with the Partnership to sell 84 parking stalls for the Senior Component in an amount equal to $4,663,982 and $1,835,742 for shared improvements. For the Youth Component, an agreement was reached with TAY LP to sell 12 parking stalls for the Youth Component in an amount equal to $850,594 and $160,263 for shared improvements. In both agreements, the prices may be adjusted for reasonably unforeseen cost increases actually incurred, up to ten percent of the original price.

The Center also secured three credit facilities with Wells Fargo Bank in June 2017 to finance the development of the Center Component and parking: 1) a $5,500,000 Line of Credit discussed in Note 11; 2) a $19,100,000 Term Loan/Revenue Bond discussed in Note 12; and 3) a $10,000,000 Bridge Loan Note discussed in Note 13.

As of June 30, 2019, the Bridge Loan Note matured and none of the credit facilities were drawn down due to the success of the Capital Campaign, cash generated from operations, proceeds from the NMTC transaction, and cash and investments on hand.

As discussed in Note 4, Pledges Receivable, the Center publicly announced a Capital Campaign in May 2014 that successfully concluded in June 2019 and provided a significant source of funding during construction.

The Center's Component and underground parking was substantially completed on April 6, 2019 at which time the Center received a six-month Temporary Certificate of Occupancy ("TCO"). On November 5, 2019, the Center was granted an extension on the TCO through April 24, 2020. The Center will receive a permanent Certificate of Occupancy when construction on the Senior and Youth Components are completed, which is anticipated to be in late 2020.

TSA LLC was primarily responsible for identifying and negotiating the terms of all debt and equity financing for the development and construction of the Senior and Youth Components as well as related parking. The Partners applied for and secured local, state, and Federal funding and tax credit sources to develop the Senior and Youth Components and related parking. The Partners also syndicated the limited partnership interests in the Partnership and TAY LP to a qualified investor in low-income housing projects ("Investor Limited Partners").

To facilitate the Senior and Youth Component financings, the Center donated land that was recorded as an investment in affiliate of $250,000 to the TAY LP and converted $650,000 in receivables from affiliate related to Soft Costs that was subsequently recorded as an investment in affiliate to the Partnership. If residual receipts allow, the $650,000 has the potential to be paid back to the Center.

The City of Los Angeles ("City") provided $4,930,159 of Community Development Block Grant ("CDGB") funds for the Senior Component of the Project for the acquisition of the air space parcel on which to build the senior affordable housing. To accomplish this objective, the City executed a 55-year Acquisition and Permanent Loan ("City Loan") with the Center on January 16, 2018. Concurrent to this City Loan, the Center entered into a loan agreement with the Partnership, under the same terms and conditions as the City Loan. The Partnership then used these funds to buy the air space parcel from AMR QALICB when the senior affordable housing transaction closed on September 19, 2018. As a result, the Center has a receivable from the Partnership for $4,930,159 related to the loan and a payable to the City for the same amount.

On September 21, 2018, the Partners executed agreements ("Youth Housing Close"), including a Second Amended and Restated Agreement of Limited Partnership, to build 26 units for the Youth Component of the project on the West Property that was donated by the Center. As part of the transaction, the Center had to agree to guaranties or indemnities to Wells Fargo in an amount not to exceed an aggregate $7,000,000, an environmental indemnity to and for the benefit of Wells Fargo, a mechanic's lien indemnity to and for the benefit of Chicago Title insurance Company, and a guaranty to and for the benefit of Wells Fargo Affordable Housing Community Development Corporation (subject to a liability cap of twenty five percent (25%) of an applicable claim, except for claims related to environmental indemnities, for which no such cap shall apply). As is typical in these types of transactions, Campus LLC's partnership interest was reduced to 0.0051% with the addition of the Investor Limited Partner who took control of TAY LP with 99.99% interest.

On December 19, 2018, the Partners executed agreements ("Senior Housing Close"), including an Amended and Restated Agreement of Limited Partnership, to build 98 units for the Senior Component of the project on the East Property. As part of the transaction, the Center had to agree to guaranties or indemnities to Wells Fargo in an amount not to exceed an aggregate $25,000,000, an environmental indemnity to and for the benefit of Wells Fargo, a mechanic's lien indemnity to and for the benefit of Chicago Title insurance Company, and a guaranty to and for the benefit of Wells Fargo Affordable Housing Community Development Corporation (subject to a liability cap of twenty five percent (25%) of an applicable claim, except for claims related to environmental indemnities, for which no such cap shall apply. Campus LLC's partnership interest was reduced to 0.0051% with the addition of the Investor Limited Partner who took control of the Partnership with 99.99% interest.

As of June 30, 2019, on a consolidated basis, the Center had a receivable of $7,031,592 due from the Partnership and TAY LP, primarily related to the City Loan and the advancement of Hard and Soft Costs incurred during construction.

As of June 30, 2018, on a consolidated basis, the Center has a receivable of $8,045,992 due from the Partnership and TAY LP, primarily due to the advancement of funds to cover Soft Costs incurred during construction, as well as paying off the Partnership's portion of a land acquisition loan early in August 2017. The Center also still had a payable due to the Partnership in the amount of $5,903,227 for the transfer of land and land acquisition costs to AMR QALICB to close the NMTC transaction. For reporting purposes, the receivable from and payable to the Partnership and TAY LP were netted against each other in the Center's financials and resulted in an aggregate receivable in the amount of $2,142,765 at June 30, 2018.

AMR QALICB had $9,558,063 and $15,478,253 recorded as land and land development as of June 30, 2019 and 2018, respectively. The decrease from year to year was related to the Partnership buying the air space parcel and related land acquisition costs from AMR QALICB in December 2018. In 2017, the Partnership transferred $12,700,000 for the East Property and $2,072,206 for land acquisition costs, AMR QALICB paid $404,018 for demolition costs, and the Center donated a small parcel near the East Property at a value of $258,333. In fiscal year 2018, capitalized interest of $43,696 related to the land acquisition was donated as well.

As of June 30, 2019, AMR QALICB had $67,490,999 recorded as Buildings, including Hard Costs, Soft Costs and Other Costs, related to the Center Component and associated parking. The Center Component was substantially completed on April 6, 2019. The Center donated $26,618,952 for the Center Component to AMR QALICB during fiscal year 2019. During fiscal year 2019, Partnership and TAY LP paid $9,505,715 to the Center and AMR QALICB for a substantial amount of their respective Hard and Soft Costs. The outstanding balance was reclassified to Receivable from Affiliates from Construction in Progress. See Note 10.

As of June 30, 2018, AMR QALICB had $38,202,324 recorded as construction in progress related to the Project. AMR QALICB incurred $28,830,829, and the Center donated $4,581,922 on behalf of the Senior and Youth Components during fiscal year 2018.

As of June 30, 2019, AMR QALICB had a payable to the Center for $1,072,876, primarily related to Soft Costs, and the Center has an offsetting receivable from AMR QALICB. In addition, the Center had a payable to AMR QALICB for $5,571,176, and AMR QALICB has an offsetting receivable from the Center related to Hard Costs for the Center Component. These two amounts are eliminated in the Consolidated Statements of Financial Position.

As of June 30, 2018, AMR QALICB had a payable to the Center for $343,518, primarily related to Soft Costs, and the Center had an offsetting receivable from AMR QALICB. In addition, the Center had a payable to AMR QALICB for $808,589, and AMR QALICB had an offsetting receivable from the Center related to Hard Costs for the Senior and Youth Components. These two amounts are eliminated in the Consolidated Statements of Financial Position.

The Center is using the equity method of accounting for the Partnership and TAY LP, at this time, since the partnership agreements do not give the Center a controlling interest of the partnerships. Through June 30, 2019 and 2018, no income or expense has been recognized by the Center as all costs incurred by the Partnership and TAY LP are related to development of the Project and have been capitalized. At June 30, 2019, the Partnership and TAY LP had approximately $59,442,000 (unaudited) in assets consisting of capitalized development and construction costs and approximately $59,442,000 (unaudited) in equity and liabilities. At June 30, 2018, the Partnership and TAY LP had approximately $9,887,000 (unaudited) in assets consisting of the $5,903,000 receivable from the Center for the transfer of the East Property and related costs to AMR QALICB with the remaining amount of capitalized development costs and construction and approximately $9,887,000 (unaudited) in equity and liabilities. Campus LLC had a 51% partnership interest in the Partnership and TAY LP as of June 30, 2018, which was reduced to 0.0051% at the Youth Housing Close for the TAY LP and to 0.0051% at the Senior Housing Close for the Partnership with the addition of the Investor Limited Partners into each partnership who took control of each partnership with 99.99% interest.

23. New Market Tax Credits

On June 23, 2017, the Center entered into a New Markets Tax Credit ("NMTC") transaction to help finance the construction of the Center Component of the Anita May Rosenstein Campus. The NMTC Program was designed to stimulate investment and economic growth in low-income communities by offering a seven-year, 39% federal tax credit for Qualified Equity Investments ("QEI") made through investment vehicles known as Community Development Entities ("CDEs"). CDEs use capital derived from tax credits to make loans to or investments in businesses and projects in low-income areas under favorable economic terms, typical of this type of tax credits-based deals.

The NMTC transaction is composed of several sub-transactions, as described below:

QALICB: For the sole purpose of facilitating the NMTC transaction as a Qualified Active Low-Income Community Business ("QALICB"), the Center created AMR QALICB. AMR QALICB was formed pursuant to the filing of those certain Articles of Incorporation with the California Secretary of State on February 2, 2017. On November 3, 2017, the Internal Revenue Service issued a letter determining that the QALICB was exempt from federal income tax under IRC Section 501(c)(3).

Leverage Loan: As part of the transaction, the Center committed to lend $28,910,000 to AMR Campus Investment Fund, LLC, the Investment Fund. The proceeds of this leverage loan were used by the Investment Fund towards making a QEI into four CDEs as listed below. The Leverage Loan bears an interest rate of 1.00% and matures on June 23, 2041.

Qualified Low-Income Community Investment ("QLICI Loan"): Under the NMTC transaction, AMR Campus QALICB obtained QLICI Loans from the following CDEs: (i) New Markets Community Capital XX, LLC ("NMCC"); (ii) GLA Sub-CDE XX, LLC ("GLA"); (iii) LADF XI, LLC ("LADF"); and (iv) LIIF Sub-CDE XL, LLC ("LIIF"). The following QLICI A and B loans were made to AMR QALICB:

	2019	2018
1. QLICI Loan A1 (NMCC)	**$ 10,210,500**	$ 10,210,500
2. QLICI Loan B1 (NMCC)	**4,489,500**	4,489,500
3. QLICI Loan A2 (GLA)	**6,807,000**	6,807,000
4. QLICI Loan B2 (GLA)	**2,993,000**	2,993,000
5. QLICI Loan A3 (LADF)	**6,607,000**	6,607,000
6. QLICI Loan B3 (LADF)	**3,393,000**	3,393,000
7. QLICI Loan A4 (LIIF)	**5,285,600**	5,285,600
8. QLICI Loan B4 (LIIF)	**2,474,400**	2,474,400
Total	**$ 42,260,000**	$ 42,260,000

The QLICI Loans bear interest at a fixed rate equal to 1.33% and mature on June 23, 2047. The QLICI Loans are recorded in the Center's Consolidated Statements of Financial Position. The QLICI Loans are secured by a mortgage on the East Property. As discussed in Note 22, at the Senior Housing Close, the Partnership purchased back the air rights parcel from AMR QALICB for the Senior Component, at which point the QLICI Loans are now secured by the Center Component of the Project.

As part of the NMTC transaction, the Center executed a Master Lease Agreement with AMR QALICB. The term of the lease is for 30 years from the date of the NMTC transaction with provisions to cancel it when the put/call agreements are exercised on the seventh-year anniversary as discussed below. Rent commenced on April 1, 2019 at $26,426 and will increase to $29,595 by the end of the seventh year. All rental activity will be eliminated upon consolidation.

Neither the Center nor AMR QALICB controls or has economic interest in the assets of either the QEI or the CDEs. The QEI is controlled and wholly owned by Wells Fargo Bank, and the Investment Fund controls and funds the CDEs.

To earn the tax credit, the QEI must remain invested in the CDEs for a seven-year period. AMR QALICB has significant reporting requirements to its lenders, including financial reports and community impact reports. AMR QALICB is restricted against accumulating and holding certain types of assets (including options, stocks, promissory notes and excess cash), having its own employees, or otherwise engaging in activities unrelated to the Center. Provided AMR QALICB satisfies the foregoing requirements and avoids violating the foregoing restrictions, it will remain in substantial compliance with its obligations pursuant to the NMTC financing.

The Center and Wells Fargo Community Investment Holdings, LLC ("Wells Fargo Holdings") have executed an Investment Fund Put and Call Agreement to take place at the end of the seven-year compliance period. Under the agreement, Wells Fargo Holdings can exercise a put option to sell all interest in the QEI for $1,000 to the Center. If Wells Fargo Holdings does not exercise the put option within 90 days of the seven-year period, the Center can exercise a call option to purchase the interest of the QEI at an appraised fair market value.

These put/call options do not represent embedded derivatives and, accordingly, have not been accounted for as derivative instruments in the Center's consolidated financial statements.

If the Investment Fund Put and Call Agreement is exercised at the seventh-year anniversary of the NMTC transaction, the Center would gain control of all outstanding loans payable and receivable, there would be no residual amounts due to or from any external third parties, and the Center would record a net gain associated with the dissolution of the $28,910,000 Leverage Loan Receivable and the $42,260,000 QLICI Loans Payable. Including transaction expenses, the Center expects to net approximately $9,500,000 from the NMTC transaction to help finance the construction of the Center Component and associated parking.

24. Gay & Lesbian Elder Housing Corporation

On January 6, 2014, the Center executed a Services Agreement with the Gay & Lesbian Elder Housing Corporation, a California nonprofit public benefit corporation ("GLEH") and GLEH Los Angeles Corporation ("GLEH-LA"), a California nonprofit public benefit corporation. The mission of GLEH and GLEH-LA is to promote and provide decent affordable housing, care and supportive services on a non-discriminatory basis for low and moderate-income persons living in Southern California, with a special emphasis on identifying and servicing the needs of gay and lesbian elders for such housing services. The Services Agreement had a term of one year and called for the Center to provide administrative and back-office services for GLEH and social services to the residents and administrative and back-office services for GLEH-LA.

GLEH merged with and into GLEH-LA on November 12, 2014, and the Center executed a Master Services Agreement ("MSA") through December 31, 2016 ("Initial Term") with GLEH-LA to replace the Services Agreement on that same date. At the expiration of the Initial Term, this agreement automatically renewed for successive six-month periods unless either party provides the other party with notice of non-renewal at least thirty days prior to expiration of then current term. Under the MSA, the Center agreed to continue to provide social services to the residents and other management, administrative and back-office services for fees commensurate with fair market value. If the cash flow is not adequate to cover the fees charged, the fees will accrue interest free and will carryover and be paid in the next successive year or until such time that monies are available. Under the MSA, the Center is entitled to $846,543 and $642,053 for the years ended June 30, 2019 and 2018, respectively, however the Center did not recognize revenue due to the uncertainty of collection and the amount is fully reserved.

On August 27, 2014, the Center executed a Donation and Undertaking Agreement with GLEH. GLEH donated to the Center and the Center accepted GLEH's right, title and interest in and to all of GLEH's assets other than cash, which consisted primarily of a promissory note ("GLEH Note"), dated as of August 5, 2005, by Encore Hall Senior Housing, L.P. to GLEH in the original principal amount of $1,500,000.

The $1,500,000 GLEH Note was provided by GLEH for construction and permanent financing of a 104-unit apartment complex intended for rental to senior persons of very low-, low- and moderate-income ("GLEH Project"). The GLEH Note is secured by a third leasehold deed of trust on the property. Interest accrued at a rate of 5.51% from the date of funding through January 2007. According to the terms of the GLEH Note, the GLEH Note shall not bear interest thereafter. Interest on the GLEH Note shall not exceed $120,000, with $60,000 due at Closing, $30,000 upon completion of construction and $30,000 at Final Closing. The Borrower shall pay 0.65% of the Net Cash Flow, as defined in the loan agreement, to the Lender until the loan is repaid in full. Interest of $120,000 was paid on the loan, which was paid prior to the donation of the GLEH Note to the Center. Any outstanding principal and interest shall be due on August 5, 2051.

The GLEH Project is regulated by the California Housing Finance Agency as to rent charges, operating methods and other matters. Additionally, the GLEH Project has qualified for and was allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42, which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. The GLEH Project must meet the provisions of these regulations during each of fifteen consecutive years in order to remain qualified to receive the tax credits.

The Limited Partnership will continue to operate until December 31, 2065, unless dissolved earlier in accordance with the Partnership Agreement.

Due to the lack of marketability of the Note, the 2051 maturity date and the regulated use of the GLEH Project, management has determined the Center does not have sufficient evidential matter to determine the fair market value of the Note and has assigned no value to the Note as of June 30, 2019 and 2018.

25. Effect of Economic Conditions on Contributions

The Center depends heavily on contributions from the public for its revenue. The ability of certain of the Center's contributors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of contributions to the Center. While the Center's Board of Directors believes the Center has the resources to continue its programs, its ability to do so and the extent to which certain programs continue, may be dependent on the above factors.

26. Subsequent Events

The Center evaluated subsequent events through December 24, 2019, which is the date the consolidated financial statements were available to be issued. There were no events that require adjustments to or disclosures in the Center's consolidated financial statements for the year ended June 30, 2019, except as described below.

A Commercial Property Purchase Agreement and Joint Escrow Instructions was executed on October 8, 2019 for the Center to purchase real property at 1111 N. Las Palmas Avenue in Los Angeles for $5,200,000. The Center made a $156,000 deposit on October 9, 2019 with the remaining balance to be paid at the close of escrow on January 3, 2020. The real property includes a lot, which is 8,886 square-feet and two buildings that total 5,422 square-feet. The Center is currently leasing most of the office space.

Supplemental Material

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515 Flower Street
47th Floor
Los Angeles CA 90071

Independent Auditor's Report on Supplemental Material

Board of Directors
Los Angeles LGBT Center and Affiliates
Los Angeles, California

Our audits of the consolidated financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental material presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

BDO USA, LLP

December 24, 2019

Los Angeles LGBT Center and Affiliates
(a nonprofit California corporation)

Consolidating Statement of Financial Position

June 30, 2019	Los Angeles LGBT Center	AMR Campus QALICB, Inc.	Elimination Entries	Consolidated Financials
Current assets				
Cash and cash equivalents	$ 19,430,841	$ -	$ -	$ 19,430,841
Restricted cash AMR Campus construction	-	2,280,181	-	2,280,181
Restricted cash NMTC CDE's fee reserve	-	1,850,173	-	1,850,173
Accounts and other receivables	68,164	-	-	68,164
Receivable from affiliates	1,285,705	7,190,266	(6,644,052)	1,831,919
Clinic fees receivable, net	7,292,006	-	-	7,292,006
Contracts and grants receivable, net	7,468,484	-	-	7,468,484
Pledges receivable, net	1,498,105	-	-	1,498,105
Short-term investments	15,139,404	-	-	15,139,404
Inventories	978,504	-	-	978,504
Total current assets	53,161,213	11,320,620	(6,644,052)	57,837,781
Noncurrent assets				
Contributions receivable – held in trust	2,862,706	-	-	2,862,706
Beneficial interests in trusts	2,403,589	-	-	2,403,589
Receivable from affiliate	5,199,674	-	-	5,199,674
Leverage loan receivables	28,910,100	-	-	28,910,100
Pledges receivable, net	956,672	-	-	956,672
Long-term investments	1,805,194	-	-	1,805,194
Property and equipment, net	10,453,717	77,027,721	-	87,481,438
Other assets	3,661,434	-	-	3,661,434
Total noncurrent assets	56,253,086	77,027,721	-	133,280,807
Total assets	$ 109,414,299	$ 88,348,341	$ (6,644,052)	$ 191,118,588
Current liabilities				
Accounts payable	$ 3,636,531	$ 3,627,658	$ -	$ 7,264,189
Accrued expenses and other liabilities	8,127,951	-	-	8,127,951
Payable to affiliates	5,571,176	1,072,876	(6,644,052)	-
Retainage	-	2,472,145	-	2,472,145
Unearned revenue	1,217,941	-	-	1,217,941
Interest payable	269,515	-	-	269,515
Current portion of annuities payable	196,233	-	-	196,233
Current portion of long-term debt	25,162	-	-	25,162
Total current liabilities	19,044,509	7,172,679	(6,644,052)	19,573,136
Noncurrent liabilities				
Annuities payable, net of current portion	984,941	-	-	984,941
Long-term debt, net of current portion	4,911,176	40,967,657	-	45,878,833
Total noncurrent liabilities	5,896,117	40,967,657	-	46,863,774
Total liabilities	24,940,626	48,140,336	(6,644,052)	66,436,910
Commitments and Contingencies (Note 17)				
Net assets				
Without donor restrictions	74,849,114	40,208,005	-	115,057,119
With donor restrictions	9,624,559	-	-	9,624,559
Total net assets	84,473,673	40,208,005	-	124,681,678
Total liabilities and net assets	$ 109,414,299	$ 88,348,341	$ (6,644,052)	$ 191,118,588

Los Angeles LGBT Center and Affiliates
(a nonprofit California corporation)

Consolidating Statement of Activities and Changes in Net Assets

Year ended June 30, 2019	**Los Angeles LGBT Center**	**AMR Campus QALICB, Inc.**	**Elimination Entries**	**Consolidated Financials**
Public support and other revenue				
Public support:				
Special events revenue:				
Gross receipts	$ 8,664,634	$ -	$ -	$ 8,664,634
Less costs of direct benefits to donors	(203,672)	-	-	(203,672)
Net special events revenue	8,460,962	-	-	8,460,962
Program fees	90,249,916	-	-	90,249,916
Grants	22,203,980	-	-	22,203,980
Contributions	6,776,515	-	-	6,776,515
Contributions - Capital Campaign	8,018,021	-	-	8,018,021
Contributed goods and services	923,729	-	-	923,729
Other operating revenue	505,854	79,278	(79,278)	505,854
Total public support and other revenue	137,138,977	79,278	(79,278)	137,138,977
Net assets released from restrictions:				
Satisfaction of program restrictions	-	-	-	-
Total public support and other revenue and net assets released from restrictions	137,138,977	79,278	(79,278)	137,138,977
Operating expenses				
Program services	113,304,098	-	-	113,304,098
Supporting services:				
General and administrative	479,937	575,468	(79,278)	976,127
Fund-raising	7,540,113	-	-	7,540,113
Total supporting services	8,020,050	575,468	(79,278)	8,516,240
Total operating expenses	121,324,148	575,468	(79,278)	121,820,338
Change in net assets before non-operating income/gains (losses) and other revenue	15,814,829	(496,190)	-	15,318,639
Non-operating income/gains (losses) and other revenue				
Net investment return	859,138	-	-	859,138
Unrealized loss on trusts held by third parties	(180,597)	-	-	(180,597)
Change in value of split-interest agreements	(198,652)	-	-	(198,652)
Other nonoperating revenue	639,244	-	-	639,244
Donation of construction in progress	(18,374,336)	18,374,336	-	-
Total non-operating income/gains (losses) and other revenue	(17,255,203)	18,374,336	-	1,119,133
Change in net assets	(1,440,374)	17,878,146	-	16,437,772
Net assets, beginning of year	85,914,047	22,329,859	-	108,243,906
Net assets, end of year	$ 84,473,673	$ 40,208,005	$ -	$ 124,681,678