

Queerspace Collective
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Year Ended
December 31, 2023



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Queerspace Collective
Minneapolis, Minnesota

Opinion

We have audited the accompanying financial statements of Queerspace Collective (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Queerspace Collective as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Queerspace Collective and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Queerspace Collective's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Queerspace Collective's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Queerspace Collective's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capata Ent and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
August 28, 2024

QUEERSPACE COLLECTIVE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions of Financial Assets	\$ 388,756	\$ 274,998	\$ 663,754
Contributions of Nonfinancial Assets	114,092	-	114,092
Program Service Fees	192,748	-	192,748
Other Income	1,705	-	1,705
Net Assets Released from Restrictions:			
Satisfaction of Purpose and Time Restrictions	181,705	(181,705)	-
Total Support and Revenue	879,006	93,293	972,299
Expense:			
Program Services	525,944	-	525,944
Support Services:			
Management and General	58,594	-	58,594
Fundraising	173,665	-	173,665
Total Support Services	232,259	-	232,259
Total Expense	758,203	-	758,203
Change in Net Assets	120,803	93,293	214,096
Net Assets - Beginning of Year	178,653	127,312	305,965
Net Assets - End of Year	\$ 299,456	\$ 220,605	\$ 520,061

The accompanying Notes to Financial Statement
are an integral part of this statement.

QUEERSPACE COLLECTIVE
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2023

	Support Services				
	Program Services	Management and General	Fundraising	Total Support Services	Total All Services
Salaries	\$ 282,487	\$ 12,823	\$ 106,633	\$ 119,456	\$ 401,943
Employee Benefits	25,047	674	8,008	8,682	33,729
Payroll Taxes	21,264	756	8,027	8,783	30,047
Total Personnel Expense	328,798	14,253	122,668	136,921	465,719
Professional Fees and Contract Services	148,209	25,096	22,220	47,316	195,525
Supplies	30,196	1,107	17,169	18,276	48,472
Office Expense	4,738	9,229	7,985	17,214	21,952
Travel	12,911	265	1,315	1,580	14,491
Meetings	141	5,098	332	5,430	5,571
Insurance	547	2,971	-	2,971	3,518
Professional Development	404	575	175	750	1,154
Miscellaneous	-	-	1,092	1,092	1,092
Advertising and Marketing	-	-	709	709	709
Total Expense	\$ 525,944	\$ 58,594	\$ 173,665	\$ 232,259	\$ 758,203

The accompanying Notes to Financial Statement
are an integral part of this statement.

QUEERSPACE COLLECTIVE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

EXHIBIT C

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 327,691
Grants Receivable	101,275
Accounts Receivable	100,850
Prepaid Expenses	<u>10,508</u>
TOTAL ASSETS	<u>\$ 540,324</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 12,580
Accrued Salaries and Vacation	6,582
Accrued Expenses	<u>1,101</u>
Total Current Liabilities	20,263

Net Assets:

Without Donor Restrictions	299,456
With Donor Restrictions	<u>220,605</u>
Total Net Assets	<u>520,061</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 540,324</u>
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The accompanying Notes to Financial Statement
are an integral part of this statement.

QUEERSPACE COLLECTIVE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

EXHIBIT D

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Change in Net Assets \$ 214,096

Adjustments to Reconcile Change in Net Assets to Net Cash

Provided (Used) by Operating Activities:

Decreases (Increases) in Operating Assets:

Grants Receivable (101,275)

Accounts Receivable (61,070)

Prepaid Expense 4,611

Increases (Decreases) in Operating Liabilities:

Accounts Payable 10,100

Accrued Salaries and Vacation 2,509

Accrued Expenses 351

Net Cash Provided by Operating Activities 69,322

Cash Flows from Investing Activities:

None -

Cash Flows from Financing Activities:

None -

Net Increase in Cash 69,322

Cash and Cash Equivalents - Beginning of Year 258,369

Cash and Cash Equivalents - End of Year \$ 327,691

The accompanying Notes to Financial Statement
are an integral part of this statement.

QUEERSPACE COLLECTIVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. Summary of Significant Accounting Policies

Organizational Purpose

Queerspace Collective (the Organization) is organized as a Minnesota non-profit corporation to provide space for LGBTQ+ youth to feel safe and empowered to be their true selves.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

Net Assets without Donor Restrictions – Net assets which are not restricted by donor-imposed stipulations. Property is reported as net assets without donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a donor restriction expires net assets with donor restrictions are reclassified to net assets without donor restrictions.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the consolidated statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Promises-To-Give (Grants Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

QUEERSPACE COLLECTIVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable and Doubtful Accounts

Accounts receivable are generally uncollateralized and the Organization does not charge interest on accounts receivable balances. The Organization reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. No allowance for doubtful accounts has been provided as accounts receivable are considered collectable.

Property and Equipment

All major expenditures for property and equipment over \$1,000 are capitalized at cost. Depreciation is provided through the use of the straight-line method.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Organization records contributions of nonfinancial assets at fair market value at date of donation. The Organization's policy related to contributions of nonfinancial assets is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist.

Program service fees are recognized when the performance obligation of providing services are met.

Functional Allocation of Expense

Salaries and related expenses are allocated on job descriptions and the best estimates of management. Expenses other than salaries and related expenses that are not directly identifiable by program or supporting service are allocated based on the best estimates of management.

Use of Estimates

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

QUEERSPACE COLLECTIVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. Summary of Significant Accounting Policies (continued)

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Organization annually files a Return of Organization Exempt From Income Tax (Form 990).

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through August 28, 2024, which is the date financial statements were available to be issued.

2. Financial Instruments

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2023, the Organization held funds at a local financial institution in excess of federally insured limits.

3. Grants Receivable

Grants Receivables are all expected to be received in the year ending December 31, 2024.

4. Contributions of Nonfinancial Assets

Contributions of nonfinancial assets consisted of amounts for the following in the year ended December 31, 2023:

Donated Rent	\$ 88,000
Event Supplies	<u>26,092</u>
	<u>\$ 114,092</u>

Contributed nonfinancial assets were utilized for programs and had no donor restrictions. Values were used based on the current market rates the Organization would have paid for the item if it were not donated.

QUEERSPACE COLLECTIVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

5. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of amounts for the following as of December 31, 2023:

Subject to expenditures for specified purpose:	
St. Cloud Hangouts and Mentorship	\$ 50,000
Subject to passage of time:	
Future Years Grants	<u>170,605</u>
	<u>\$ 220,605</u>

6. Liquidity and Availability

The following represents the Organization's financial assets as of December 31, 2023:

Financial Assets:	
Cash and Cash Equivalents	\$ 327,691
Grants Receivable	101,275
Accounts Receivable	<u>100,850</u>
Total Financial Assets	529,816
Less Assets not available to be used within one year:	
Net Assets with Donor Restrictions	220,605
Assets with Donor Restrictions to be met within a year	<u>(220,605)</u>
Total assets not available to be used within one year	<u>-</u>
Financial assets available for general expenditures within one year	<u>\$ 529,816</u>

The Organization has certain net assets with donor restrictions limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year. As part of the Organization's liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

7. Pension Plan

The Organization maintains a 401(k) Plan that covers those employees who meet eligibility requirements. Employer contributions of \$9,061 were made in the year ending December 31, 2023.