Financial Statements (Unaudited)

December 31, 2020 and 2019 (With Independent Accountant's Review Report Thereon)

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Independent Accountant's Review Report

To the Board of Directors Equality Florida Action, Inc.:

We have reviewed the accompanying financial statements of Equality Florida Action, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets and cash flows for the years then ended, the related statement of functional expenses for the year ended December 31, 2020, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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

MAYER HOFFMAN MCCANN P.C.

June 18, 2021 Clearwater, Florida



Statements of Financial Position

December 31, 2020 and 2019 (Unaudited)

	2020	2019
Assets		
Current assets:		
Cash \$	1,100,121	689,157
Accounts receivable	55,923	6,915
Pledges receivable, net of allowance for uncollectible pledges		
of \$0 and \$10 in 2020 and 2019, respectively	-	225
Prepaid expenses	-	2,389
Due from affiliate, Equality Florida Institute, Inc.	12,844	1,357
Total current assets	1,168,888	700,043
Total assets \$	1,168,888	700,043
Liabilities and Net Assets		
Current liabilities:		
Accounts payable \$	121,682	9,934
Total current liabilities	121,682	9,934
Net assets:		
Without donor restrictions	747,206	689,470
With donor restrictions	300,000	639
Total net assets	1,047,206	690,109
Total liabilities and net assets	1,168,888	700,043

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2020 (With Comparative Totals for 2019) (Unaudited)

	Without With Donor Donor		Total		
	_	Restrictions	Restrictions	2020	2019
Support and revenue:					
Contributions	\$	193,001	-	193,001	122,702
Bequests		-	-	-	231,922
Grants		492,340	300,000	792,340	42,000
Other income, net		333,622	-	333,622	11,915
Net assets released from restrictions	_	639	(639)		
Total operating support and revenue		1,019,602	299,361	1,318,963	408,539
Operating expenses:					
Program services		895,415	-	895,415	456,507
Supporting services	_	66,451		66,451	16,469
Total operating expenses	_	961,866	<u> </u>	961,866	472,976
Increase (decrease) in net assets		57,736	299,361	357,097	(64,437)
Net assets, beginning of year	_	689,470	639	690,109	754,546
Net assets, end of year	\$_	747,206	300,000	1,047,206	690,109

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2019 (Unaudited)

		Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:				
Contributions	\$	119.997	2,705	122,702
Bequests	Ψ	231,922	-	231,922
Grants		41,585	415	42,000
Other income, net		11,915	-	11,915
Net assets released from restrictions	_	8,982	(8,982)	-
Total operating support and revenue		414,401	(5,862)	408,539
Operating expenses:				
Program services		456,507	-	456,507
Supporting services	_	16,469		16,469
Total operating expenses		472,976		472,976
Decrease in net assets		(58,575)	(5,862)	(64,437)
Net assets, beginning of year		748,045	6,501	754,546
Net assets, end of year	\$	689,470	639	690,109

Statement of Functional Expenses

Year Ended December 31, 2020 (With Comparative Totals for 2019) (Unaudited)

				Supporting Services		Total	
	_	Program Services	Management and General	Development	Total	2020	2019
Salaries	\$	278,024	-	2,811	2,811	280,835	176,263
Payroll taxes		20,235	-	196	196	20,431	13,074
Employee benefits		33,601		285	285	33,886	24,930
		331,860	-	3,292	3,292	335,152	214,267
Operating		254,580	1,031	20,857	21,888	276,468	148,019
Occupancy		4,874	-	59	59	4,933	2,760
Travel and meeting		16,418	-	200	200	16,618	29,741
Miscellaneous		98,541	478	8,826	9,304	107,845	2,196
Business		3,179	15	3,852	3,867	7,046	8,034
Contract labor	_	185,963	8,750	19,091	27,841	213,804	67,959
Total expenses	\$_	895,415	10,274	56,177	66,451	961,866	472,976

Statements of Cash Flows

Years Ended December 31, 2020 and 2019 (Unaudited)

	 2020	2019
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 357,097	(64,437)
Adjustments to reconcile increase (decrease) in net		
assets to net cash provided by (used in) operating activities:		
Decrease in pledges receivable	225	1,908
Increase in accounts receivable	(49,008)	(6,915)
Decrease (increase) in prepaid expenses	2,389	(2,289)
Decrease (increase) in due from affiliate	(11,487)	12,641
Increase (decrease) in accounts payable	 111,748	(21,293)
Net cash provided by (used in) operating activities	 410,964	(80,385)
Net increase (decrease) in cash	410,964	(80,385)
Cash at beginning of year	 689,157	769,542
Cash at end of year \$	\$ 1,100,121	689,157

Notes to Financial Statements

December 31, 2020 and 2019 (Unaudited)

(1) <u>Description of Organization and Summary of Significant Accounting Policies</u>

(a) <u>Description of Organization</u>

Equality Florida Action, Inc. ("EFA" or the "Organization") was formed on July 14, 2014 as a Florida not-for-profit corporation. The Organization focuses on advocating for and against new laws that impact the lives of the lesbian, gay, bisexual and transgender (LGBT) community in Florida and mobilizing pro-equality voters. It is the largest civil rights education organization dedicated to full equality for Florida's LGBT community.

(b) <u>Cash and Cash Equivalents</u>

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

(c) <u>Basis of Accounting</u>

The accompanying financial statements have been prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America which require the Organization report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Donor imposed restrictions are temporary in nature and will be met either by the passage of time or the accomplishment of a purpose restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets are reclassified as net assets without donor restrictions and reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions. At December 31, 2020 and 2019, net assets with donor restrictions were restricted for specific programs of the Organization and totaled \$300,000 and \$639, respectively.

(d) Financial Accounting Standards

The Financial Accounting Standards Board (FASB) issued authoritative guidance establishing two levels of U.S. generally accepted accounting principles (GAAP) - authoritative and nonauthoritative - and making the Accounting Standards Codification (ASC) the source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the Securities and Exchange Commission. This guidance was incorporated into ASC Topic 105, *Generally Accepted Accounting Principles*.

Notes to Financial Statements - Continued (Unaudited)

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(e) <u>Pledges Receivable</u>

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on historical experience and management's analysis of specific promises made.

(f) Income Taxes

The Organization has been recognized by the Internal Revenue Service as a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code. Income earned in furtherance of the Organization's tax-exempt purpose is exempt from Federal and State income taxes. The Organization is treated as a publically supported organization, and not as a private foundation. The Organization has adopted the provisions of ASC Topic 740, *Income Taxes*, relating to accounting for uncertainty in income taxes, and does not believe it has any material income tax exposure relating to uncertain tax positions. The Organization's tax filings are generally open for examination by taxing authorities for three years after the date of filing.

(g) <u>Contributions</u>

All contributions are reflected in net assets without donor restrictions or in net assets with donor restrictions based on the existence or absence of donor restrictions. Amounts received with donor-imposed restrictions that are recorded as revenues in net assets with donor restrictions are reclassified to net assets without donor restrictions when the time or purpose restriction has been satisfied.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers.

Notes to Financial Statements - Continued (Unaudited)

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(h) **Donated Materials and Services**

Donations of materials are recorded as support at their estimated fair value at the date of donation. Donations of services are recorded as support at their estimated fair value if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation or create or enhance nonfinancial assets. In addition, volunteer hours were contributed to the Organization which did not meet the requirements for recognition in the financial statements.

(i) **Functional Allocation of Expenses**

The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses directly attributable to a specific functional area of the Organization are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on either time spent by employees on each functional area or based on the Organization's square footage analysis for all indirect occupancy-related costs.

(j) Use of Estimates in the Preparation of Financial Statements

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of gains, losses, income and expenses during the reporting period. Actual results could differ from those estimates.

(k) Advertising and Promotion

Advertising and promotion costs are expensed as incurred.

(l) <u>Comparative Financial Information</u>

The statement of functional expenses includes certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Notes to Financial Statements - Continued (Unaudited)

(2) <u>Related Party Transactions</u>

The Organization shares certain costs with Equality Florida Institute, Inc. ("EFI"), an affiliated notfor-profit entity. Shared costs include personnel, contract labor and office space. Personnel and contract labor costs are allocated based on estimated time dedicated to the Organization and office space is allocated based on estimated space usage. The amount paid by the Organization to EFI for shared personnel costs (salaries, wages, payroll taxes and benefits), contract labor and office space during 2020 and 2019 was approximately \$454,000 and \$365,000 respectively. Amounts paid by the Organization to EFI in 2020 include prepayments for estimated 2021 shared costs totaling \$12,844. Amounts paid by the Organization to EFI in 2019 include prepayments for estimated 2020 shared costs totaling \$1,357.

Grants received by the Organization from EFI during 2020 and 2019 were approximately \$300,000 and \$3,300 respectively.

The Organization and EFI are affiliated through common board membership. EFI is recognized as a tax exempt organization under section 501(c)(3) of the Internal Revenue code and focuses its efforts on educating the public, elected officials, and the business community on issues relating to equal rights for the Florida LGBT community. The Organization is recognized as a tax exempt organization under section 501(c)(4) of the Internal Revenue code and focuses on advocating for and against new laws that impact the lives of the LGBT community in Florida and mobilizing proequality voters.

The Organization purchases promotional services from a company owned by a former board member. Total promotional services purchased from this company were \$0 and \$8,800 for the years ended December 31, 2020 and 2019, respectively.

During the years ended December 31, 2020 and 2019, the Organization contributed \$20,000 and \$75,000, respectively, to Equality Florida Action PAC, Inc. in support of its activities.

(3) Liquidity and Availability of Resources

The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. The Organization's primary source of liquidity is its cash balances.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities as well as activities conducted to support those programs to be general expenditures. In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient support and revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies sources and uses of the Organization's cash.

Notes to Financial Statements - Continued (Unaudited)

(3) Liquidity and Availability of Resources - Continued

As of December 31, 2020 and 2019, the Organization's financial assets available to meet cash needs for general expenditures for the next 12 months were as follows:

	2020	2019
\$	1,100,121	689,157
_	55,923	7,140
	1,156,044	696,297
	(300,000)	(639)
\$	856.044	695.658
	\$ 	\$ 1,100,121 55,923 1,156,044 (300,000)

(4) Credit Risk Concentration

The Organization maintains deposit accounts with what management believes to be high credit quality financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Organization has not experienced any loss in such accounts. As of December 31, 2020, the Organization's deposit balances were fully covered by federal deposit insurance.

(5) **Operating Leases**

The Organization generally leases office and other space on a month-to-month or other short-term basis. Rent expense under these operating leases during 2020 and 2019 was approximately \$4,900 and \$2,800, respectively.

The cost of these leases is shared with EFI.

Notes to Financial Statements - Continued (Unaudited)

(6) <u>Risks and Uncertainties</u>

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic". First identified in late 2019 and known now as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations and activities. In 2020 and through the date the financial statements were available for issuance, the Organization's operations have been significantly impacted by government-mandated stay-home orders and travel limitations. The Organization continues to monitor the situation and has implemented cost reductions and other measures to mitigate future financial impact, while shifting the majority of its programming activities to a virtual format. The duration and ongoing impact of the pandemic and its effects on the Organization's financial condition, results of operating activities and cash flows are subject to a significant degree of uncertainty. Accordingly, significant estimates used in the preparation of the financial statements including those associated with evaluations of expected credit losses on amounts owed to the Organization may be subject to significant adjustments in future periods.

(7) <u>Subsequent Events</u>

The Organization has evaluated subsequent events through June 18, 2021, the date the financial statements were available for issuance.