

EQUALITY FLORIDA INSTITUTE, INC.

Financial Statements

December 31, 2020 and 2019
(With Independent Auditors' Report Thereon)

EQUALITY FLORIDA INSTITUTE, INC.

Table of Contents

Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4 - 5
Statement of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 18



Mayer Hoffman McCann P.C.

13577 Feather Sound Drive, Suite 400 ■ Clearwater, FL 33762
Main: 727.572.1400 ■ Fax: 727.571.1933 ■ www.mhmcpa.com

Independent Auditors' Report

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

We have audited the accompanying financial statements of Equality Florida Institute, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Equality Florida Institute, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, and its functional expenses for the year ended December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We previously audited Equality Florida Institute, Inc.'s 2019 financial statements and our report dated June 3, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

MAYER HOFFMAN MCCANN P.C.

June 18, 2021
Clearwater, Florida

EQUALITY FLORIDA INSTITUTE, INC.

Statements of Financial Position

December 31, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash and cash equivalents	\$ 3,629,838	1,544,378
Pledges receivable, net of allowance for uncollectible pledges of \$432 and \$965 in 2020 and 2019, respectively	3,188	10,325
Grants receivable, current	687,950	269,590
Other	321,717	75,340
Total current assets	4,642,693	1,899,633
Grants receivable, noncurrent	375,000	-
Investments - endowment	372,322	354,421
Fixed assets:		
Computer equipment	20,796	20,796
Office furniture and equipment	3,658	3,658
	24,454	24,454
Less accumulated depreciation	13,462	9,469
Fixed assets, net	10,992	14,985
Total assets	\$ 5,401,007	2,269,039
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 60,877	86,143
Accrued payroll and related expenses	184,645	122,589
Due to affiliate	12,844	1,357
Deferred revenue - gala events	30,950	100,757
Other current liabilities	77,243	42,776
Total current liabilities	366,559	353,622
Net assets:		
Without donor restrictions	3,485,831	1,083,599
With donor restrictions	1,548,617	831,818
Total net assets	5,034,448	1,915,417
Total liabilities and net assets	\$ 5,401,007	2,269,039

EQUALITY FLORIDA INSTITUTE, INC.

Statement of Activities and Changes in Net Assets

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
Support and revenue:				
Private foundation grants	\$ 2,038,146	1,223,659	3,261,805	1,286,291
Federal grants:				
Paycheck Protection Program Loan	453,000	-	453,000	-
Employee Retention Tax Credit, CARES Act	157,624	-	157,624	-
In-kind contributions	203,448	-	203,448	427,820
Contributions, net of direct benefits to donors of \$268,468 and \$369,733 in 2020 and 2019, respectively	2,232,640	3,188	2,235,828	1,289,031
Bequests	108,758	-	108,758	328,000
Phone canvass donations	156,164	-	156,164	175,431
Program fees	138,553	-	138,553	35,932
Interest income	18,274	-	18,274	7,787
Investment income, net	(349)	50,552	50,203	45,915
Other income	6,778	-	6,778	8,434
Net assets released from restrictions	<u>560,600</u>	<u>(560,600)</u>	<u>-</u>	<u>-</u>
Total operating support and revenue	6,073,636	716,799	6,790,435	3,604,641
Operating expenses:				
Program services	3,371,720	-	3,371,720	3,442,762
Supporting services	<u>299,684</u>	<u>-</u>	<u>299,684</u>	<u>304,129</u>
Total operating expenses	<u>3,671,404</u>	<u>-</u>	<u>3,671,404</u>	<u>3,746,891</u>
Increase (decrease) in net assets	2,402,232	716,799	3,119,031	(142,250)
Net assets, beginning of year	<u>1,083,599</u>	<u>831,818</u>	<u>1,915,417</u>	<u>2,057,667</u>
Net assets, end of year	<u>\$ 3,485,831</u>	<u>1,548,617</u>	<u>5,034,448</u>	<u>1,915,417</u>

EQUALITY FLORIDA INSTITUTE, INC.

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Private foundation grants	\$ 786,568	499,723	1,286,291
In-kind	427,820	-	427,820
Contributions, net of direct benefits to donors of \$369,733	1,278,706	10,325	1,289,031
Bequests	328,000	-	328,000
Phone canvass donations	175,431	-	175,431
Program fees	35,932	-	35,932
Interest income	7,787	-	7,787
Investment income, net	13,264	32,651	45,915
Other income	8,434	-	8,434
Net assets released from restrictions	<u>486,271</u>	<u>(486,271)</u>	<u>-</u>
 Total operating support and revenue	 3,548,213	 56,428	 3,604,641
Operating expenses:			
Program services	3,442,762	-	3,442,762
Supporting services	<u>304,129</u>	<u>-</u>	<u>304,129</u>
 Total operating expenses	 <u>3,746,891</u>	 <u>-</u>	 <u>3,746,891</u>
 Increase (decrease) in net assets	 (198,678)	 56,428	 (142,250)
Net assets, beginning of year	<u>1,282,277</u>	<u>775,390</u>	<u>2,057,667</u>
Net assets, end of year	<u>\$ 1,083,599</u>	<u>831,818</u>	<u>1,915,417</u>

EQUALITY FLORIDA INSTITUTE, INC.

Statement of Functional Expenses

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

	Program Services	Supporting Services			Total Expenses	
		Management and General	Development	Total	2020	2019
Salaries	\$ 1,857,295	119,342	6,765	126,107	1,983,402	1,878,651
Payroll taxes	138,291	8,880	497	9,377	147,668	140,402
Employee benefits	251,208	10,572	906	11,478	262,686	280,530
	<u>2,246,794</u>	<u>138,794</u>	<u>8,168</u>	<u>146,962</u>	<u>2,393,756</u>	<u>2,299,583</u>
Operating	437,779	18,686	13,173	31,859	469,638	282,002
Professional fees	155,948	16,805	-	16,805	172,753	184,916
Occupancy	42,421	10,400	170	10,570	52,991	63,031
Travel and meeting	119,176	3,420	2,602	6,022	125,198	570,296
Miscellaneous	25,857	10,967	20,679	31,646	57,503	27,730
Business	6,728	1,225	890	2,115	8,843	44,062
Contract labor	333,024	49,025	4,680	53,705	386,729	272,485
	<u>3,367,727</u>	<u>249,322</u>	<u>50,362</u>	<u>299,684</u>	<u>3,667,411</u>	<u>3,744,105</u>
Total expenses before depreciation						
Depreciation	3,993	-	-	-	3,993	2,786
	<u>3,993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,993</u>	<u>2,786</u>
Total expenses - 2020	\$ <u>3,371,720</u>	<u>249,322</u>	<u>50,362</u>	<u>299,684</u>	<u>3,671,404</u>	
Total expenses - 2019	\$ <u>3,442,762</u>	<u>229,632</u>	<u>74,497</u>	<u>304,129</u>		<u>3,746,891</u>

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

EQUALITY FLORIDA INSTITUTE, INC.

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 3,119,031	(142,250)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,993	2,786
Realized and unrealized gains on investments	(47,055)	(30,653)
Changes in operating assets and liabilities:		
Decrease in pledges receivable	7,137	4,326
Decrease (increase) in grants receivable, current	(418,360)	13,931
Increase in other current assets	(246,377)	(28,341)
Increase in grants receivable, noncurrent	(375,000)	-
Increase (decrease) in accounts payable	(25,266)	47,722
Increase in accrued payroll and related expenses	62,056	28,338
Increase (decrease) in due to affiliate	11,487	(12,641)
Increase (decrease) in deferred revenue	(69,807)	30,957
Increase (decrease) in other current liabilities	34,467	(4,137)
Net cash provided by (used in) operating activities	<u>2,056,306</u>	<u>(89,962)</u>
Cash flows from investing activities:		
Purchases of fixed assets	-	(10,189)
Purchase of investments	(45,256)	(390,201)
Proceeds from sale of investments	74,410	66,433
Net cash provided by (used in) investing activities	<u>29,154</u>	<u>(333,957)</u>
Net increase (decrease) in cash	2,085,460	(423,919)
Cash at beginning of year	<u>1,544,378</u>	<u>1,968,297</u>
Cash at end of year	<u>\$ 3,629,838</u>	<u>1,544,378</u>

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements

December 31, 2020 and 2019

(1) **Description of Organization and Summary of Significant Accounting Policies**

(a) **Description of Organization**

Equality Florida Institute, Inc. (“EFI” or the “Organization”) was formed on June 3, 1997 as a Florida not-for-profit corporation. The Organization focuses on educating the public, elected officials, and businesses about issues of importance to the lesbian, gay, bisexual and transgender (LGBT) community. It is the largest civil rights education organization dedicated to full equality for Florida’s LGBT community.

(b) **Cash and Cash Equivalents**

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) **Basis of Accounting**

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. Certain 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, the net assets are reclassified as net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

(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*.

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

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

(e) Pledges Receivable

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 net assets with donor 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.

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. Contributions received pending designation by the donor are considered to be net assets with donor restrictions until donor stipulations are known at which time such amounts are reclassified, if required.

(f) Fixed Assets

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for fixed assets in excess of \$1,000 and with a useful life greater than one year are capitalized. Similarly, donated fixed assets with a fair market value in excess of \$1,000 and a useful life greater than one year at the date of receipt are capitalized.

(g) Income Taxes

The Organization has been recognized by the Internal Revenue Service as a tax-exempt organization under Section 501(c)(3) 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, 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.

(h) Contributions

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.

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

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

(i) **Deferred Revenue**

Sponsorships for future events are deferred and recognized when the event takes place.

(j) **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.

(k) **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 indirect costs.

(l) **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.

(m) **Advertising and Promotion**

Advertising and promotion costs are expensed as incurred. Advertising and promotion expense for the years ended December 31, 2020 and 2019 was approximately \$35,900 and \$4,100, respectively.

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

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

(n) New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (“ASU 2016-02”). The guidance in this ASU supersedes the leasing guidance in ASC Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The new standard is effective for the Organization for the year beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the effect the provisions of ASU 2016-02 will have on the financial statements.

(o) Comparative Financial Information

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.

(p) Reclassifications

Certain amounts appearing in the 2019 financial statements have been reclassified to conform to the presentation in 2020.

(2) Related Party Transactions

The Organization shares certain costs with Equality Florida Action, Inc. (“EFA”), an affiliated not-for-profit entity. Shared costs include personnel, contract labor and office space. Amounts paid to the Organization by EFA for shared personnel costs (salaries, wages, payroll taxes and benefits), contract labor and office space during 2020 and 2019 were approximately \$454,000 and \$365,000, respectively. Amounts paid by EFA to the Organization in 2020 include prepayments for estimated shared costs totaling \$12,844. Prepayments from EFA to the Organization for shared costs at December 31, 2019 were \$1,357.

Grants awarded by the Organization to EFA during 2020 and 2019 were approximately \$300,000 and \$3,300 respectively.

The Organization and EFA are affiliated through common board membership. EFA is recognized as a tax exempt organization under section 501(c)(4) of the Internal Revenue Code and focuses its efforts on political lobbying and advocating for equal rights for the Florida LGBT community.

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

(2) Related Party Transactions - Continued

The Organization purchases promotional services from a company owned by a former board member. Total promotional services purchased from this company were approximately \$1,900 and \$60,800 for the years ended December 31, 2020 and 2019, respectively. Included in accounts payable in the accompanying statements of financial position are amounts due to this related party of \$1,850 at December 31, 2020.

The Organization receives in-kind legal services from a law firm in which a member of the board of directors formerly served in a leadership role. Total contributed in-kind legal services received from this firm were approximately \$141,000 and \$139,000 for the years ended December 31, 2020 and 2019, respectively.

(3) Investments

Investments consist of the following at December 31, 2020 and 2019:

	2020		2019	
	Cost	Market	Cost	Market
Endowment:				
Money market funds	\$ 9,065	9,065	23,411	23,411
Equities	220,669	295,229	239,403	266,808
Fixed income securities	60,278	65,597	60,390	61,650
Real Estate Investment Trusts (REITs)	2,039	2,431	2,166	2,552
	\$ 292,051	372,322	325,370	354,421

At December 31, 2020, the Organization's investments were held in managed brokerage accounts with a third party brokerage firm.

The following schedule summarizes investment return for the years ended December 31, 2020 and 2019:

	2020	2019
Interest and dividends	\$ 5,054	17,168
Net realized and unrealized gains	47,055	30,653
Investment management fees	(1,906)	(1,906)
Total investment return	\$ 50,203	45,915

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

(4) 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 has various sources of liquidity at its disposal, including cash and investments.

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 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.

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:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 3,629,838	537,520
Pledges receivable, net	3,188	10,325
Grants receivable, current	687,950	269,590
Grants receivable, noncurrent	375,000	-
Investments - endowment	372,322	354,421
	<u>5,068,298</u>	<u>1,171,856</u>
Less amounts unavailable for general expenditure within the next 12 months due to:		
Grants receivable, noncurrent	(375,000)	-
Contractual or donor-imposed restrictions:		
Donor-restricted for specific purposes, specific time periods or in perpetuity	(1,248,617)	(731,818)
	<u>(1,623,617)</u>	<u>(731,818)</u>
Financial assets available to meet cash needs for general expenditures for the next 12 months	\$ <u>3,444,681</u>	<u>440,038</u>

(5) Credit Risk Concentrations

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 losses in such accounts. As of December 31, 2020, the Organization's deposit balances were fully covered by federal deposit insurance. The Organization believes it is not exposed to any significant credit risk on its cash balances.

The total balance of grants receivable at December 31, 2020 includes a balance due from a single grantor of \$550,000 that represents approximately 52% of the total.

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

(6) Retirement Plan

The Organization sponsors a defined contribution 403(b) retirement plan (the Plan) which covers all employees who have met certain eligibility requirements. The Organization provides a matching contribution equal to 100% of the employee's elective deferral that does not exceed 3% of the employee's compensation. In addition, the employer may make a supplemental contribution of up to 3% to the Plan at year end. Retirement plan expense for the years ended December 31, 2020 and 2019 was approximately \$115,000 and \$84,000, respectively.

(7) Operating Leases

The Organization leases space for three offices. Rent expense under operating leases was approximately \$46,000 and \$53,000 in 2020 and 2019, respectively.

Future minimum lease payments under noncancellable operating leases as of December 31, 2020 were approximately \$15,000 through December 31, 2021.

(8) Fair Value Measurements

In accordance with the *Fair Value Measurement* Topic of the FASB Accounting Standards Codification, the Organization uses a fair value hierarchy for its financial assets and liabilities measured on a recurring basis. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Financial instruments measured at fair value are classified and disclosed in the following categories:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date. The types of financial instruments included in Level 1 are money market funds, equity mutual funds, common and preferred stock, corporate bonds and U.S. treasury and agency obligations.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. The fair value of the Organization's fixed rate securities and its certificates of deposit are based on quoted prices in markets that may not be active.

Level 3: Valuation is based on unobservable inputs.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

(8) Fair Value Measurements - Continued

Fair values of assets measured at fair value on a recurring basis at December 31, 2020 were as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market funds	\$ 9,065	9,065	-	-
Equities:				
Domestic	284,475	284,475	-	-
International	10,754	10,754	-	-
Fixed income:				
U.S. corporate bonds	65,597	-	65,597	-
Real estate investment trust	2,431	2,431	-	-
Total investments	<u>\$ 372,322</u>	<u>306,725</u>	<u>65,597</u>	<u>-</u>

Fair values of assets measured at fair value on a recurring basis at December 31, 2019 were as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market funds	\$ 23,411	23,411	-	-
Equities:				
Domestic	250,096	250,096	-	-
International	16,712	16,712	-	-
Fixed income:				
U.S. corporate bonds	61,650	-	61,650	-
Real estate investment trust	2,552	2,552	-	-
Total investments	<u>\$ 354,421</u>	<u>292,771</u>	<u>61,650</u>	<u>-</u>

(9) Donor Restrictions on Net Assets

Net assets with donor restrictions consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Pledges receivable, net	\$ 3,188	10,325
Time restricted grants	1,032,374	100,000
Education and training programs	191,285	399,723
Endowment fund, earnings to fund operations	<u>321,770</u>	<u>321,770</u>
	<u>\$ 1,548,617</u>	<u>831,818</u>

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

(10) Endowment

The Organization's endowment consists of one donor-restricted endowment fund established to support the operations of the Organization. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization adheres to the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). The Organization has interpreted FUPMIFA as allowing the Organization to spend or accumulate the amount of an endowment fund that the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. The Organization classifies as net assets with donor restrictions the historical value of donor-restricted endowment funds, which includes (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) changes to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Also included in net assets with donor restrictions is accumulated appreciation on donor restricted endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by FUPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

Investment Return Objectives, Risk Parameters and Strategies: The Organization has adopted investment and spending policies, approved by the Board, for endowment assets. The endowment funds are invested in a portfolio of domestic and international equities and corporate bonds, actively managed by a registered investment advisory firm. In consultation with investment advisors, management has determined an appropriate allocation of fund assets to balance the risk and return on the underlying funds under a wide range of market and economic conditions, while maintaining the donor's original intent to provide a reliable and consistent funding stream to the programs and activities of the organization. The specific investment objective is one of balanced growth with moderate risk.

Spending Policy: FUPMIFA allows that when a donor has indicated a desire to create an endowment but has not provided an exact spending percentage, the Organization may assume the donor's primary goal was to create a permanent fund that will generate sufficient income and appreciation to provide ongoing distributions from the fund to maintain the organization's programs and activities, regardless of general economic conditions and investment performance. Accordingly, the Board of Directors has approved a spending policy that allows distributions from the endowment that are equal to the greater of 6.95% of the fund value or the actual annual total endowment income, including investment appreciation. In accordance with the provisions of FUPMIFA, the spending policy allows for distributions even in situations where the original gift principal amount will not be preserved.

Endowment fund activity in 2020 consisted of investment income of \$50,522, all of which was appropriated for expenditure.

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

(11) In-Kind Contributions

In-kind contributions for the years ended December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Catering, food and beverage	\$ 25,800	174,424
Legal services	155,948	171,332
Other materials and services	<u>21,700</u>	<u>82,064</u>
	<u>\$ 203,448</u>	<u>427,820</u>

In-kind legal services were 100% program related and supported the Organization's LGBT advocacy and education efforts. Other in-kind contributions were primarily provided in connection with the Organization's "Gala Events" held at various locations around the state of Florida for purposes of educating the public regarding LGBT equality.

(12) Paycheck Protection Program Loan

The Organization applied for and received a forgivable Paycheck Protection Program ("PPP") Loan of \$453,000 as provided under the Federal Coronavirus Aid, Relief and Economic Security ("CARES") Act and the loan was funded on April 9, 2020. Under the terms of the loan, the balance is forgivable to the extent proceeds are used for certain qualifying costs during the 24 week coverage period subsequent to the date the loan was funded and that certain employment levels are maintained. To the extent a portion of the loan does not meet the criteria to be forgiven, such amount is due and payable in monthly installments beginning on the date the loan forgiveness is communicated to the Organization or 10 months after the end of the loan forgiveness coverage period and carries an interest rate of 1%.

The Organization submitted a formal request for forgiveness and on May 19, 2021, the Organization received formal notification of forgiveness for the full balance of the loan. As a result, the Organization has recognized the full loan amount as a federal grant in the accompanying statement of activities and changes in net assets for the year ended December 31, 2020.

(13) Risk and Uncertainties

The novel coronavirus ("COVID-19") spread rapidly across the world in the first quarter of 2020, and was declared a pandemic by the World Health Organization in March 2020. The government and private sector responses to contain its spread began to adversely affect the broader economy and business in general in March 2020 and those impacts will likely affect operations through the remainder of 2021, although such effects may vary significantly. The duration and extent of the pandemic and its effects over longer terms cannot be reasonably estimated as of the date the financial statements were available for issuance. The risks and uncertainties resulting from the pandemic that may affect the results of operating activities, cash flows and financial condition include the nature and duration of the curtailment of various program activities and the long-term effect on grants, special events, and contributions.

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

(13) Risk and Uncertainties - Continued

The pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and instability in financial markets. As a result, there has been heightened market risk and the Organization's investment portfolio has incurred significant volatility in fair value since March 2020. Because the values of the Organization's individual investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in future periods, if any, and the related impact on the Organization's liquidity cannot be determined at this time.

(14) Subsequent Events

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

In connection with the U.S. Federal government's economic stimulus program in response to the pandemic, the Organization obtained a second Paycheck Protection Program loan of \$494,000 in April 2021. The loan proceeds are expected to supplement the Organization's cash flow needs as it faces uncertain operating conditions. Additionally, the Organization received approximately \$221,000 in May 2021 related to the Employee Retention Tax Credit program which was originally enacted in connection with the CARES Act and subsequently extended and expanded under the Consolidated Appropriations Act, 2021 and the American Rescue Plan Act.