

EQUALITY FLORIDA INSTITUTE, INC.

Financial Statements

December 31, 2023 and 2022
(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

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Equality Florida Institute, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2023 and 2022, 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, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Equality Florida Institute, Inc. as of December 31, 2023 and 2022, 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, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Equality Florida Institute, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Equality Florida Institute, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 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 GAAS, 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 Equality Florida Institute, Inc.'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 Equality Florida Institute, Inc.'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.

CBIZ CPAs P.C.¹

August 14, 2024
St. Petersburg, Florida

¹ In certain jurisdictions, CBIZ CPAs P.C. is licensed and operates under its previous name, Mayer Hoffman McCann P.C.

EQUALITY FLORIDA INSTITUTE, INC.

Statements of Financial Position

December 31, 2023 and 2022

Assets	2023	2022
Current assets:		
Cash and cash equivalents	\$ 4,012,630	3,203,331
Grants receivable, current	557,296	703,800
Due from affiliate	-	21,763
Short term investments	3,233,225	2,010,527
Other	86,991	120,520
	<hr/>	<hr/>
Total current assets	7,890,142	6,059,941
Grants receivable, noncurrent	-	100,000
Investments - operating funds	1,506,456	1,298,854
Investments - endowment	324,711	284,653
Fixed assets:		
Computer equipment	15,146	15,146
Office furniture and equipment	3,658	3,658
	<hr/>	<hr/>
	18,804	18,804
Less accumulated depreciation	16,140	14,235
	<hr/>	<hr/>
Fixed assets, net	2,664	4,569
	<hr/>	<hr/>
Total assets	\$ 9,723,973	7,748,017
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 88,303	57,698
Accrued payroll and related expenses	243,794	226,513
Due to affiliate	379,675	-
Deferred revenue - gala events	23,071	28,550
Funds held in trust for others	387,806	-
Other current liabilities	108,389	181,689
	<hr/>	<hr/>
Total current liabilities	1,231,038	494,450
Deferred compensation	-	32,300
	<hr/>	<hr/>
Total liabilities	1,231,038	526,750
Net assets:		
Without donor restrictions	7,046,765	6,500,740
With donor restrictions	1,446,170	720,527
	<hr/>	<hr/>
Total net assets	8,492,935	7,221,267
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Total liabilities and net assets	\$ 9,723,973	7,748,017
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See accompanying independent auditors' report and notes to financial statements.

EQUALITY FLORIDA INSTITUTE, INC.

Statement of Activities and Changes in Net Assets

**Year Ended December 31, 2023
(With Comparative Totals for 2022)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2023</u>	<u>2022</u>
Support and revenue:				
Private foundation grants	\$ 1,609,287	1,020,132	2,629,419	2,647,807
In-kind contributions	180,648	-	180,648	405,068
Contributions, net of direct benefits to donors of \$894,360 and \$385,466 in 2023 and 2022, respectively	3,128,298	1,325	3,129,623	3,356,628
Bequests	65,700	-	65,700	-
Phone canvass donations	194,159	-	194,159	155,636
Program fees	17,750	-	17,750	52,500
Interest income	101,837	-	101,837	32,389
Investment income (loss), net	236,019	40,058	276,077	(289,127)
Other income	2,221	-	2,221	4,031
Net assets released from restrictions	<u>335,872</u>	<u>(335,872)</u>	<u>-</u>	<u>-</u>
Total operating support and revenue	5,871,791	725,643	6,597,434	6,364,932
Operating expenses:				
Program services	4,562,926	-	4,562,926	4,466,037
Supporting services	<u>762,840</u>	<u>-</u>	<u>762,840</u>	<u>501,340</u>
Total operating expenses	<u>5,325,766</u>	<u>-</u>	<u>5,325,766</u>	<u>4,967,377</u>
Increase in net assets	546,025	725,643	1,271,668	1,397,555
Net assets, beginning of year	<u>6,500,740</u>	<u>720,527</u>	<u>7,221,267</u>	<u>5,823,712</u>
Net assets, end of year	<u>\$ 7,046,765</u>	<u>1,446,170</u>	<u>8,492,935</u>	<u>7,221,267</u>

EQUALITY FLORIDA INSTITUTE, INC.

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Private foundation grants	\$ 2,218,627	429,180	2,647,807
In-kind contributions	405,068	-	405,068
Contributions, net of direct benefits to donors of \$385,466	3,349,933	6,695	3,356,628
Phone canvass donations	155,636	-	155,636
Program fees	52,500	-	52,500
Interest income	32,389	-	32,389
Investment loss, net	(252,010)	(37,117)	(289,127)
Other income	4,031	-	4,031
Net assets released from restrictions	<u>1,176,423</u>	<u>(1,176,423)</u>	<u>-</u>
 Total operating support and revenue	 7,142,597	 (777,665)	 6,364,932
Operating expenses:			
Program services	4,466,037	-	4,466,037
Supporting services	<u>501,340</u>	<u>-</u>	<u>501,340</u>
 Total operating expenses	 <u>4,967,377</u>	 <u>-</u>	 <u>4,967,377</u>
 Increase (decrease) in net assets	 2,175,220	 (777,665)	 1,397,555
Net assets, beginning of year	<u>4,325,520</u>	<u>1,498,192</u>	<u>5,823,712</u>
Net assets, end of year	<u>\$ 6,500,740</u>	<u>720,527</u>	<u>7,221,267</u>

EQUALITY FLORIDA INSTITUTE, INC.

Statement of Functional Expenses

**Year Ended December 31, 2023
(With Comparative Totals for 2022)**

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total Expenses</u>	
		<u>Management and General</u>	<u>Development</u>	<u>Total</u>	<u>2023</u>	<u>2022</u>
Salaries	\$ 2,708,034	176,768	17,627	194,395	2,902,429	2,604,499
Payroll taxes	202,255	16,376	1,240	17,616	219,871	195,662
Employee benefits	412,142	43,718	2,880	46,598	458,740	385,635
	<u>3,322,431</u>	<u>236,862</u>	<u>21,747</u>	<u>258,609</u>	<u>3,581,040</u>	<u>3,185,796</u>
Operating	223,855	59,235	17,159	76,394	300,249	155,568
Grant to affiliate	415,000	-	-	-	415,000	350,000
Professional fees	50,375	19,900	-	19,900	70,275	289,642
Occupancy	49,132	17,836	1,857	19,693	68,825	68,210
Travel and meeting	174,311	153,263	19,088	172,351	346,662	584,960
Miscellaneous	22,116	20,612	22,438	43,050	65,166	48,507
Business	-	6,488	400	6,888	6,888	2,313
Contract labor	303,801	50,072	115,883	165,955	469,756	279,068
	<u>4,561,021</u>	<u>564,268</u>	<u>198,572</u>	<u>762,840</u>	<u>5,323,861</u>	<u>4,964,064</u>
Total expenses before depreciation						
Depreciation	1,905	-	-	-	1,905	3,313
	<u>4,562,926</u>	<u>564,268</u>	<u>198,572</u>	<u>762,840</u>	<u>5,325,766</u>	
Total expenses - 2023	\$					
Total expenses - 2022	\$	<u>4,466,037</u>	<u>393,540</u>	<u>107,800</u>	<u>501,340</u>	<u>4,967,377</u>

See accompanying independent auditors' report and notes to financial statements.

EQUALITY FLORIDA INSTITUTE, INC.**Statements of Cash Flows****Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Increase in net assets	\$ 1,271,668	1,397,555
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	1,905	3,313
Realized and unrealized losses (gains) on investments	(249,083)	308,786
Changes in operating assets and liabilities:		
Decrease (increase) in grants receivable	246,504	(179,515)
Decrease (increase) in due from affiliate	21,763	(21,763)
Decrease in other current assets	33,529	207,620
Increase (decrease) in accounts payable	30,605	(5,245)
Increase in accrued payroll and related expenses	17,281	38,620
Increase (decrease) in due to affiliate	379,675	(27,011)
Decrease in deferred revenue	(5,479)	(40,448)
Increase in funds held in trust for others	387,806	-
Increase in other current liabilities	(73,300)	5,217
Decrease in deferred compensation	(32,300)	(62,700)
Net cash provided by operating activities	<u>2,030,574</u>	<u>1,624,429</u>
Cash flows from investing activities:		
Purchase of investments	(5,640,345)	(2,157,601)
Proceeds from sale of investments	4,419,070	177,502
Purchase of fixed assets	-	(2,386)
Net cash used in investing activities	<u>(1,221,275)</u>	<u>(1,982,485)</u>
Net increase (decrease) in cash and cash equivalents	809,299	(358,056)
Cash and cash equivalents at beginning of year	<u>3,203,331</u>	<u>3,561,387</u>
Cash and cash equivalents at end of year	<u>\$ 4,012,630</u>	<u>3,203,331</u>

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements

December 31, 2023 and 2022

(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, transgender, and queer (LGBTQ) community. It is the largest civil rights education organization dedicated to full equality for Florida’s LGBTQ 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 publicly 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, other 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) Short-Term Leases

The Organization leases certain buildings and storage space. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. In 2023, all of the Organization's existing leases were subject to this exemption.

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

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

(n) **Advertising and Promotion**

Advertising and promotion costs are expensed as incurred. Advertising and promotion expense for the years ended December 31, 2023 and 2022 was approximately \$26,000 and \$24,000, respectively.

(o) **Going Concern Evaluation**

On an annual basis, as required by ASC Topic 205, *Presentation of Financial Statements - Going Concern*, the Organization performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(p) **Recent Accounting Pronouncements**

Effective February 1, 2023, the Organization adopted ASC Topic 326, *Financial Instruments - Credit Losses*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost. The Organization adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost. The adoption of this standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

(q) **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, 2022, from which the summarized information was derived.

(r) **Reclassifications**

Certain amounts in the fiscal 2022 financial statements have been reclassified to conform to the fiscal 2023 presentation.

(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 2023 and 2022 were approximately \$450,000 and \$500,000, respectively. Of the estimated shared costs allocated to EFA from the Organization, \$35,326 and \$21,763 remains receivable from EFA at December 31, 2023 and 2022, respectively.

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

(2) Related Party Transactions - Continued

Grants awarded by the Organization to EFA during 2023 and 2022 were approximately \$415,000 and \$350,000 respectively. Grants payable to EFA at December 31, 2023 was \$415,000 and is included in amounts due to affiliate.

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 LGBTQ community.

(3) Investments

Investments consist of the following at December 31, 2023 and 2022:

	2023		2022	
	Cost	Market	Cost	Market
Endowment:				
Money market funds	\$ 23,697	23,697	4,477	4,477
Equities	177,736	255,630	178,062	220,497
Fixed income securities	44,921	43,914	60,005	58,106
Real Estate Investment Trusts (REITs)	1,443	1,470	1,443	1,573
Total endowment	247,797	324,711	243,987	284,653
Operating:				
Money market funds	20,725	20,725	21,819	21,819
Equities	982,705	1,046,064	993,921	857,908
Fixed income securities	457,942	408,678	447,824	386,531
Real Estate Investment Trusts (REITs)	34,537	30,989	39,883	32,596
Total operating	1,495,909	1,506,456	1,503,447	1,298,854
Short term:				
Certificates of deposit	1,750,000	1,750,310	2,000,000	2,010,527
U.S. Treasury securities	1,480,825	1,482,915	-	-
Total short term	3,230,825	3,233,225	2,000,000	2,010,527
Total investments	\$ 4,974,531	5,064,392	3,747,434	3,594,034

At December 31, 2023 and 2022, 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, 2023 and 2022:

	2023	2022
Interest and dividends	\$ 45,085	38,159
Net realized and unrealized gains (losses)	249,083	(308,786)
Investment management fees	(18,091)	(18,500)
Total investment return	276,077	(289,127)
Investment return with donor restrictions	40,058	(37,117)
Investment return without donor restrictions	\$ 236,019	(252,010)

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, 2023 and 2022, the Organization's financial assets available to meet cash needs for general expenditures for the next 12 months were as follows:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 4,012,630	3,203,331
Grants receivable, current	557,296	703,800
Grants receivable, noncurrent	-	100,000
Due from affiliate	-	21,763
Short term investments	3,233,225	2,010,527
Investments - operating	1,506,456	1,298,854
Investments - endowment	<u>324,711</u>	<u>284,653</u>
Total financial assets	9,634,318	7,622,928
Less amounts unavailable for general expenditure within the next 12 months due to:		
Grants receivable, noncurrent	-	(100,000)
Contractual or donor-imposed restrictions:		
Donor-restricted for specific purposes, specific time periods or in perpetuity	<u>(1,346,170)</u>	<u>(620,527)</u>
Financial assets available to meet cash needs for general expenditures for the next 12 months	\$ <u>8,288,148</u>	<u>6,902,401</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, 2023, the Organization had \$2,344 deposited in excess of federally insured amounts. 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, 2023 includes amounts due from three grantors of \$273,812, \$125,000, and \$100,000 that represent approximately 49%, 22% and 18% of the total, respectively.

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

(6) Retirement Plans

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 Organization may make a supplemental contribution of up to 3% to the Plan at year end. Retirement plan expense for the years ended December 31, 2023 and 2022 was approximately \$171,000 and \$146,000, respectively.

Effective December 6, 2021, the Organization adopted a non-qualified Deferred Compensation Benefit Plan, as described in Section 457(b) of the Internal Revenue Code, for key management employees designated by the Board of Directors. The 457(b) plan operates on a calendar-year basis, whereby the participants are eligible to make contributions to the accounts up to a maximum amount mandated by the Internal Revenue Code. Participants' accounts will be taxable to the participant when it is "made available" to the participant.

(7) Short-Term Leases

The Organization leases space for four offices with terms of 12 months or less for which the Organization has elected to recognize in program and supporting services expense on the straight-line basis. Rent expense under operating leases was approximately \$60,000 and \$54,000 in 2023 and 2022, respectively.

Future minimum lease payments under noncancellable operating leases as of December 31, 2023 were approximately \$21,000 through December 31, 2024.

(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 are based on quoted prices in markets that may not be active.

Level 3: Valuation is based on unobservable inputs.

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

(8) Fair Value Measurements - Continued

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.

Fair values of assets measured at fair value on a recurring basis at December 31, 2023 were as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market funds	\$ 44,422	44,422	-	-
Equities:				
Domestic	1,181,299	1,181,299	-	-
International	120,395	120,395	-	-
Fixed income:				
U.S. treasury bills	1,482,915	-	1,482,915	-
U.S. corporate bonds	452,592	-	452,592	-
Certificates of deposit	1,750,310	-	1,750,310	-
Real estate investment trust	32,459	32,459	-	-
Total investments	\$ <u>5,064,392</u>	<u>1,378,575</u>	<u>3,685,817</u>	<u>-</u>

Fair values of assets measured at fair value on a recurring basis at December 31, 2022 were as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market funds	\$ 26,296	26,296	-	-
Equities:				
Domestic	976,240	976,240	-	-
International	102,165	102,165	-	-
Fixed income:				
U.S. corporate bonds	444,637	-	444,637	-
Certificates of deposit	2,010,527	-	2,010,527	-
Real estate investment trust	34,169	34,169	-	-
Total investments	\$ <u>3,594,034</u>	<u>1,138,870</u>	<u>2,455,164</u>	<u>-</u>

(9) Donor Restrictions on Net Assets

Net assets with donor restrictions consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Pledges receivable, net	\$ 1,325	6,695
Time restricted grants	1,030,000	200,000
Education and training programs	90,134	229,179
Unappropriated earnings from endowment	2,941	-
Endowment fund, earnings to fund operations	321,770	284,653
	\$ <u>1,446,170</u>	<u>720,527</u>

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

(9) Donor Restrictions on Net Assets - Continued

Net assets were released from donor restrictions during the year ended December 31, 2023 as a result of the expiration of time restrictions or as a result of meeting donor stipulations as follows:

Safe and Healthy Schools (SHS)	\$	118,788
Equality Means Business		30,927
Expiration of time restrictions		164,195
Other education and training programs		<u>21,962</u>
	\$	<u><u>335,872</u></u>

(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.

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

(10) Endowment - Continued

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 funds are considered to be underwater when their fair value is less than their historical gift amounts. At December 31, 2022, the Organization’s underwater endowment funds with deficiencies were reported in net assets with donor restrictions as follows:

Fair value of endowment	\$	284,653
Original endowment gifts		<u>321,770</u>
Deficiencies of underwater endowment funds	\$	<u><u>(37,117)</u></u>

Changes in endowment net assets for the years ended December 31, 2023 and 2022 are as follows:

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Endowment net assets at December 31, 2021	\$ 54,546	321,770	376,316
Investment return	(4,546)	(37,117)	(41,663)
Withdrawals	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
Endowment net assets at December 31, 2022	-	284,653	284,653
Investment return	-	40,058	40,058
Withdrawals	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets at December 31, 2023	\$ <u><u>-</u></u>	<u><u>324,711</u></u>	<u><u>324,711</u></u>

(11) In-Kind Contributions

In-kind contributions for the years ended December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Catering, food and beverage	\$ 99,539	108,107
Legal services	50,000	258,442
Other materials and services	<u>31,109</u>	<u>38,519</u>
	\$ <u><u>180,648</u></u>	<u><u>405,068</u></u>

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

(11) In-Kind Contributions - Continued

The Organization was provided legal services at no cost from an attorney and were valued based on the attorney's normal billing rate and the hours of service contributed. In-kind legal services were 100% program related and supported the Organization's LGBTQ advocacy and education efforts. Donated catering, food, and beverage items received in connection the Organization's "Gala Events" for purposes of educating the public regarding LGBTQ equality, were valued on the basis of estimates of wholesale values that would be received for selling similar items in the United States. Other materials and services consist of operating supplies and services provided at no cost from various promotional organizations and were valued at current rates for similar advertising and promotional materials.

Corresponding in-kind expense was allocated as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Direct benefits to donors	\$ 112,860	3,200
Program services	67,788	401,248
Development	-	620
	<u>\$ 180,648</u>	<u>405,068</u>

(12) Subsequent Events

The Organization has evaluated subsequent events through August 14, 2024, the date the financial statements were available for issuance.