

**EQUALITY FLORIDA INSTITUTE, INC.**

**Financial Statements**

**December 31, 2019 and 2018**  
**(With Independent Auditor's Report Thereon)**

**EQUALITY FLORIDA INSTITUTE, INC.**

**Table of Contents**

Independent Auditor's 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



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## **Independent Auditor's 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, 2019 and 2018, 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, 2019, 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, 2019 and 2018, 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, 2019, in accordance with accounting principles generally accepted in the United States of America.

## **Subsequent Event**

We draw your attention to Note 12, which describes a subsequent event resulting in additional risks and uncertainties impacting the Organization. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

## **Report on Summarized Comparative Information**

We previously audited Equality Florida Institute, Inc.'s 2018 financial statements and our report dated July 12, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

MAYER HOFFMAN McCANN P.C.

June 3, 2020  
Clearwater, Florida

**EQUALITY FLORIDA INSTITUTE, INC.**

**Statements of Financial Position**

**December 31, 2019 and 2018**

<b>Assets</b>	<u><b>2019</b></u>	<u><b>2018</b></u>
Current assets:		
Cash	\$ 537,520	1,646,527
Pledges receivable, net of allowance for uncollectible pledges of \$965 and \$1,643 in 2019 and 2018, respectively	10,325	14,651
Grants receivable	269,590	283,521
Other	<u>75,340</u>	<u>46,999</u>
Total current assets	892,775	1,991,698
Restricted cash - endowment	-	321,770
Investments:		
Money market accounts and certificates of deposit	1,006,858	-
Endowment	354,421	-
Fixed assets:		
Computer equipment	20,796	10,608
Office furniture and equipment	<u>3,658</u>	<u>3,658</u>
	24,454	14,266
Less accumulated depreciation	<u>9,469</u>	<u>6,684</u>
Fixed assets, net	<u>14,985</u>	<u>7,582</u>
Total assets	\$ <u><u>2,269,039</u></u>	<u><u>2,321,050</u></u>
<b>Liabilities and Net Assets (Deficit)</b>		
Current liabilities:		
Accounts payable	\$ 86,143	38,421
Accrued payroll and related expenses	122,589	94,251
Due to affiliate	1,357	13,998
Deferred revenue - gala events	100,757	69,800
Other current liabilities	<u>42,776</u>	<u>46,913</u>
Total current liabilities	353,622	263,383
Net assets:		
Without donor restrictions	1,083,599	1,282,277
With donor restrictions	<u>831,818</u>	<u>775,390</u>
Total net assets	<u>1,915,417</u>	<u>2,057,667</u>
Total liabilities and net assets	\$ <u><u>2,269,039</u></u>	<u><u>2,321,050</u></u>

**EQUALITY FLORIDA INSTITUTE, INC.**

**Statement of Activities and Changes in Net Assets**

**Year Ended December 31, 2019  
(With Comparative Totals for 2018)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
			<b>2019</b>	<b>2018</b>
Support and revenue:				
Grants	\$ 786,568	499,723	1,286,291	1,151,425
Art auction proceeds	92,111	-	92,111	76,901
In-kind contributions	427,820	-	427,820	427,417
Contributions, net of direct benefits to donors of \$369,733 and \$400,261 in 2019 and 2018, respectively	1,186,595	10,325	1,196,920	1,649,760
Bequests	328,000	-	328,000	586,141
Phone canvass donations	175,431	-	175,431	163,790
Program fees	35,932	-	35,932	17,187
Interest income	7,787	-	7,787	5,069
Investment income, net of fees of \$1,906 in 2019	13,264	32,651	45,915	-
Other income	8,434	-	8,434	33,460
Net assets released from restrictions	486,271	(486,271)	-	-
	<u>3,548,213</u>	<u>56,428</u>	<u>3,604,641</u>	<u>4,111,150</u>
Total operating support and revenue				
Operating expenses:				
Program services	3,442,762	-	3,442,762	2,944,786
Supporting services	304,129	-	304,129	355,794
	<u>3,746,891</u>	<u>-</u>	<u>3,746,891</u>	<u>3,300,580</u>
Total operating expenses				
Increase (decrease) in net assets	(198,678)	56,428	(142,250)	810,570
Net assets, beginning of year	<u>1,282,277</u>	<u>775,390</u>	<u>2,057,667</u>	<u>1,247,097</u>
Net assets, end of year	\$ <u>1,083,599</u>	<u>831,818</u>	<u>1,915,417</u>	<u>2,057,667</u>

**EQUALITY FLORIDA INSTITUTE, INC.**

**Statement of Activities and Changes in Net Assets**

**Year Ended December 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Grants	\$ 712,456	438,969	1,151,425
Art auction proceeds	76,901	-	76,901
In-kind	427,417	-	427,417
Contributions, net of direct benefits to donors of \$400,261	1,635,109	14,651	1,649,760
Bequests	264,371	321,770	586,141
Phone canvass donations	163,790	-	163,790
Program fees	17,187	-	17,187
Interest income	5,069	-	5,069
Other income	33,460	-	33,460
Net assets released from restrictions	<u>219,405</u>	<u>(219,405)</u>	<u>-</u>
 Total operating support and revenue	 3,555,165	 555,985	 4,111,150
Operating expenses:			
Program services	2,944,786	-	2,944,786
Supporting services	<u>355,794</u>	<u>-</u>	<u>355,794</u>
 Total operating expenses	 <u>3,300,580</u>	 <u>-</u>	 <u>3,300,580</u>
 Increase in net assets	 254,585	 555,985	 810,570
Net assets, beginning of year	<u>1,027,692</u>	<u>219,405</u>	<u>1,247,097</u>
Net assets, end of year	<u>\$ 1,282,277</u>	<u>775,390</u>	<u>2,057,667</u>

**EQUALITY FLORIDA INSTITUTE, INC.**

**Statement of Functional Expenses**

**Year Ended December 31, 2019  
(With Comparative Totals for 2018)**

	Program Services	Supporting Services			Total Expenses	
		Management and General	Development	Total	2019	2018
Salaries	\$ 1,798,625	75,241	4,785	80,026	1,878,651	1,587,418
Payroll taxes	134,339	5,716	347	6,063	140,402	117,476
Employee benefits	272,210	7,402	918	8,320	280,530	244,756
	2,205,174	88,359	6,050	94,409	2,299,583	1,949,650
Operating	253,155	17,082	11,765	28,847	282,002	208,627
Professional fees	153,118	31,773	25	31,798	184,916	269,331
Occupancy	49,531	13,402	98	13,500	63,031	57,744
Travel and meeting	501,150	64,889	4,257	69,146	570,296	458,376
Miscellaneous	17,684	9,267	779	10,046	27,730	25,788
Business	411	2,335	41,316	43,651	44,062	42,810
Contract labor	259,753	2,525	10,207	12,732	272,485	285,672
Total expenses before depreciation	3,439,976	229,632	74,497	304,129	3,744,105	3,297,998
Depreciation	2,786	-	-	-	2,786	2,582
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>	
Total expenses - 2018	\$ <u>2,944,786</u>	<u>252,895</u>	<u>102,899</u>	<u>355,794</u>		<u>3,300,580</u>

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



**EQUALITY FLORIDA INSTITUTE, INC.**

**Statements of Cash Flows**

**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (142,250)	810,570
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,786	2,582
Endowment contribution	-	(321,770)
Realized and unrealized gains on investments	(30,653)	-
Changes in operating assets and liabilities:		
Decrease in pledges receivable	4,326	21,298
Decrease (increase) in grants receivable	13,931	(215,521)
Increase in other current assets	(28,341)	(520)
Increase (decrease) in accounts payable	47,722	(35,085)
Increase in accrued payroll and related expenses	28,338	21,482
Decrease in due to affiliate	(12,641)	(8,311)
Increase (decrease) in deferred revenue	30,957	(37,400)
Increase (decrease) in other current liabilities	<u>(4,137)</u>	<u>6,985</u>
Net cash provided by (used in) operating activities	(89,962)	244,310
Cash flows from investing activities:		
Purchases of fixed assets	(10,189)	(4,926)
Purchase of investments	(1,397,059)	-
Proceeds from sale of investments	<u>66,433</u>	<u>-</u>
Net cash used in investing activities	(1,340,815)	(4,926)
Cash flows from financing activities:		
Endowment contribution	<u>-</u>	<u>321,770</u>
Net cash provided by financing activities	<u>-</u>	<u>321,770</u>
Net increase (decrease) in cash	(1,430,777)	561,154
Cash at beginning of year	<u>1,968,297</u>	<u>1,407,143</u>
Cash at end of year	\$ <u>537,520</u>	<u>1,968,297</u>
Cash consisted of the following:		
Cash	\$ 537,520	1,646,527
Restricted cash - endowment	<u>-</u>	<u>321,770</u>
	\$ <u>537,520</u>	<u>1,968,297</u>

# EQUALITY FLORIDA INSTITUTE, INC.

## Notes to Financial Statements

December 31, 2019 and 2018

### (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, 2019 and 2018 was approximately \$4,100 and \$6,700, 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 2019, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, associated with revenue recognition. This standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The guidance is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard addresses inconsistency in revenue recognition by outlining a principles based system which requires that there be a contract with a customer, that performance obligations be identified, that a transaction price be determined, that the transaction price is allocated to performance obligations and that revenue be recorded when or as the performance obligations are satisfied over the contract term. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. The Organization adopted this standard using the modified retrospective approach on January 1, 2019. The adoption of this standard did not materially impact reported revenue in any period.

In 2019, the Organization also adopted ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The contribution standard addresses inconsistency in revenue recognition when an item should be considered a contribution or an exchange type transaction. Exchange type transactions would be accounted for using the revenue recognition standard described above. It also provides guidance as to when a contribution should be considered conditional which, for example, is typically the case when funds are received under governmental grants and contracts. Conditional contributions have different revenue recognition when compared to non-reciprocal transfers of resources in that amounts are reflected as earned when barriers to entitlement are overcome with any difference being deferred.

The contribution standard was applied using the modified retrospective method. This method was applied to transactions that were not complete or had otherwise already been recognized as of the beginning of 2019. The effect of adopting the new standard did not have a material impact on 2019 results. In evaluating the effects of the change, contributions in process as of the date of adoption were considered. As such no disclosures have been provided on the effect on the December 31, 2019 financial statements.

In addition, certain changes from adopting these new standards resulted in changes to terminology which impacted certain disclosures.

## EQUALITY FLORIDA INSTITUTE, INC.

### Notes to Financial Statements - Continued

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

##### (n) New Accounting Pronouncements - Continued

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, 2018, from which the summarized information was derived.

#### (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 2019 and 2018 were approximately \$365,000 and \$111,000, respectively. Amounts paid by EFA to the Organization in 2019 include prepayments for estimated 2020 shared costs totaling \$1,357. Prepayments from EFA to the Organization for shared costs at December 31, 2018 were \$13,998.

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.

The Organization purchases promotional services from a company owned by a board member. Total promotional services purchased from this company were approximately \$60,800 and \$0 for the years ended December 31, 2019 and 2018, respectively. Included in accounts payable in the accompanying statements of financial position are amounts due to this related party of \$46,137 at December 31, 2019.

The Organization receives in-kind legal services from a law firm in which a member of the board of directors serves in a leadership role. Total contributed in-kind legal services received from this firm were approximately \$139,000 and \$254,000 for the years ended December 31, 2019 and 2018, respectively.

**EQUALITY FLORIDA INSTITUTE, INC.**

**Notes to Financial Statements - Continued**

**(3) Investments**

Investments consist of the following at December 31, 2019:

	<u>Cost</u>	<u>Market</u>
Money market funds and certificates of deposit:		
Money market funds	\$ 208,335	208,335
Certificates of deposit	<u>798,000</u>	<u>798,523</u>
	1,006,335	1,006,858
Endowment:		
Money market funds	23,411	23,411
Equities	239,403	266,808
Fixed income securities	60,390	61,650
Real Estate Investment Trusts (REITs)	<u>2,166</u>	<u>2,552</u>
	<u>325,370</u>	<u>354,421</u>
	<u>\$ 1,331,705</u>	<u>1,361,279</u>

At December 31, 2019, the Organization's investments were held in managed brokerage accounts with a third party brokerage firm.

The following schedule summarizes investment return for the year ended December 31, 2019:

Interest and dividends	\$ 17,168
Net realized and unrealized gains	30,653
Investment management fees	<u>(1,906)</u>
Total investment return	<u>\$ 45,915</u>

**(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.

EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

(4) **Liquidity and Availability of Resources - Continued**

As of December 31, 2019 and 2018, the Organization's financial assets available to meet cash needs for general expenditures for the next 12 months were as follows:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash, including restricted cash	\$ 537,520	1,968,297
Pledges receivable, net	10,325	14,651
Grants receivable	269,590	283,521
Investments - money market funds and certificates of deposit	1,006,858	-
Investments - endowment	354,421	-
	<u>2,178,714</u>	<u>2,266,469</u>
Total financial assets	2,178,714	2,266,469
Less amounts unavailable for general expenditure within the next 12 months due to:		
Contractual or donor-imposed restrictions:		
Donor-restricted for specific purposes, specific time periods or in perpetuity	<u>(731,818)</u>	<u>(775,390)</u>
Financial assets available to meet cash needs for general expenditures for the next 12 months	<u>\$ 1,446,896</u>	<u>1,491,079</u>

(5) **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 losses in such accounts. As of December 31, 2019, 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.

(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 2% 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, 2019 and 2018 was approximately \$84,000 and \$67,000, respectively.



EQUALITY FLORIDA INSTITUTE, INC.

Notes to Financial Statements - Continued

(7) Operating Leases

The Organization leases space for five offices. Office space in Orlando and Wilton Manors was occupied under noncancellable operating leases that expired in 2019. Rent expense under operating leases was approximately \$53,000 and \$49,000 in 2019 and 2018, respectively.

Future minimum lease payments under noncancellable operating leases as of December 31, 2019 were as follows:

<u>Year Ending December 31,</u>	
2020	\$ 25,165
2021	<u>2,920</u>
	<u>\$ 28,085</u>

(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 deposits 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, 2019 were as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market funds	\$ 231,746	231,746	-	-
Equities:				
Domestic	250,096	250,096	-	-
International	16,712	16,712	-	-
Fixed income:				
U.S. corporate bonds	61,650	-	-	-
Certificates of deposit	798,523	-	798,523	-
Real estate investment trust	2,552	2,552	-	-
	<u>\$ 1,361,279</u>	<u>501,106</u>	<u>798,523</u>	<u>-</u>

**(9) Donor Restrictions on Net Assets**

Net assets with donor restrictions consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Pledges receivable, net	\$ 10,325	14,651
Time restricted grants	100,000	-
Education and training programs	399,723	438,969
Endowment fund, earnings to fund operations	321,770	321,770
	<u>\$ 831,818</u>	<u>775,390</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 fund 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.

# EQUALITY FLORIDA INSTITUTE, INC.

## Notes to Financial Statements - Continued

### (10) Endowment - Continued

*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 2019 consisted of investment income of \$32,651, all of which was appropriated for expenditure.

### (11) In-Kind Contributions

In-kind contributions for the years ended December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Catering, food and beverage	\$ 174,424	132,978
Legal services	171,332	253,863
Other materials and services	<u>82,064</u>	<u>40,576</u>
	<u>\$ 427,820</u>	<u>427,417</u>

In-kind legal services were 88% program related and supported the Organization's LGBT advocacy and education efforts. The other 12% of in-kind legal services consists of general administrative consultation and advice. 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.

## EQUALITY FLORIDA INSTITUTE, INC.

### Notes to Financial Statements - Continued

#### (12) Subsequent Events

The Organization has evaluated subsequent events through June 3, 2020, the date the financial statements were available for issuance.

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. As of the date of issuance of the financial statements, the Organization’s operations have been significantly impacted by government-mandated postponements and/or cancellations of major fundraising events, essential travel only restrictions, and mandatory stay-home orders. 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. No impairments were recorded as of the statement of financial position date as no triggering events or changes in circumstances had occurred as of that date; however, due to significant uncertainty surrounding the situation, management’s judgment regarding this could change in the future. In addition, while the Organization’s results of operations, cash flows and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

In connection with the U.S. Federal government’s economic stimulus program in response to the pandemic, the Organization obtained a Paycheck Protection Program loan of \$453,000 in April 2020. The loan proceeds are expected to supplement the Organization’s cash flow needs as it faces uncertain operating conditions.