

**EQUALITY FLORIDA ACTION, INC.**

**Financial Statements  
(Unaudited)**

**December 31, 2015  
(With Independent Accountant's Review Report Thereon)**

**EQUALITY FLORIDA ACTION, INC.**

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### **Independent Accountant's Review Report**

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

We have reviewed the accompanying financial statements of Equality Florida Action, Inc., which comprise the statement of financial position as of December 31, 2015 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

#### **Management's Responsibility for the Financial Statements**

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

#### **Accountant's Responsibility**

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

#### **Accountant's Conclusion**

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

**MAYER HOFFMAN MCCANN P.C.**

April 7, 2016  
Clearwater, Florida

**EQUALITY FLORIDA ACTION, INC.**

**Statement of Financial Position**

**December 31, 2015**

**(Unaudited)**

**Assets**

Current assets:		
Cash	\$	95,948
Pledges receivable, net of allowance for uncollectible pledges of \$75		1,425
Accounts receivable		2,045
Prepaid expenses		<u>1,229</u>
Total current assets		<u>100,647</u>
Total assets	\$	<u><u>100,647</u></u>

**Liabilities and Net Assets**

Current liabilities:		
Due to affiliate, Equality Florida Institute, Inc.	\$	<u>1,880</u>
Total current liabilities		<u>1,880</u>
Net assets:		
Unrestricted net assets		97,342
Temporarily restricted net assets		<u>1,425</u>
Total net assets		<u>98,767</u>
Total liabilities and net assets	\$	<u><u>100,647</u></u>

**EQUALITY FLORIDA ACTION, INC.**

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

**Year Ended December 31, 2015**

**(Unaudited)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 27,210	1,425	28,635
Program revenue	395	-	395
Other income	3,925	-	3,925
	<u>31,530</u>	<u>1,425</u>	<u>32,955</u>
Total operating support and revenue			
Operating expenses:			
Program services	198,734	-	198,734
Supporting services	24,392	-	24,392
	<u>223,126</u>	<u>-</u>	<u>223,126</u>
Total operating expenses			
Increase (decrease) in net assets from operations	(191,596)	1,425	(190,171)
Other changes in net assets:			
Pledges transferred from affiliate	4,759	-	4,759
Contributions from affiliate	30,896	-	30,896
	<u>155,941</u>	<u>1,425</u>	<u>154,516</u>
Increase (decrease) in net assets			
Net assets, beginning of year	<u>253,283</u>	<u>-</u>	<u>253,283</u>
Net assets, end of year	<u>\$ 97,342</u>	<u>1,425</u>	<u>98,767</u>

**EQUALITY FLORIDA ACTION, INC.**

**Statement of Functional Expenses**

**Year Ended December 31, 2015  
(Unaudited)**

	<b>Program Services</b>	<b>Supporting Services</b>			<b>Total Expenses</b>
		<b>Management and General</b>	<b>Development</b>	<b>Total</b>	
Salaries	\$ 112,406	9,953	3,120	13,073	125,479
Payroll taxes	10,514	931	292	1,223	11,737
Employee benefits	12,713	1,126	353	1,479	14,192
	<u>135,633</u>	<u>12,010</u>	<u>3,765</u>	<u>15,775</u>	<u>151,408</u>
Non-personnel	8,909	456	571	1,027	9,936
Occupancy	7,250	456	143	599	7,849
Travel and meeting	2,234	5	2	7	2,241
Miscellaneous	661	-	-	-	661
Business	22	2	5,303	5,305	5,327
Contract labor	44,025	283	1,396	1,679	45,704
	<u>44,025</u>	<u>283</u>	<u>1,396</u>	<u>1,679</u>	<u>45,704</u>
Total expenses	\$ <u>198,734</u>	<u>13,212</u>	<u>11,180</u>	<u>24,392</u>	<u>223,126</u>

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

**EQUALITY FLORIDA ACTION, INC.**

**Statement of Cash Flows**

**Year Ended December 31, 2015**

**(Unaudited)**

Cash flows from operating activities:	
Decrease in net assets	\$ (154,516)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Increase in pledges receivable	(1,425)
Increase in accounts receivable	(2,045)
Increase in prepaid expenses	(1,229)
Decrease in due from affiliate	125,511
Decrease in accounts payable	(50,080)
Decrease in due to affiliate	<u>(40,120)</u>
Net cash used in operating activities	<u>(123,904)</u>
Decrease in cash	(123,904)
Cash at beginning of year	<u>219,852</u>
Cash at end of year	<u><u>\$ 95,948</u></u>

# EQUALITY FLORIDA ACTION, INC.

## Notes to Financial Statements

December 31, 2015

(Unaudited)

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

#### (a) **Description of Organization**

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

#### (b) **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 financial statements of the Organization are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

#### (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*.

#### (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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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.



**EQUALITY FLORIDA ACTION, INC.**

**Notes to Financial Statements - Continued  
(Unaudited)**

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

**(f) Income Taxes**

The Organization has been recognized by the Internal Revenue Service as a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code. Income earned in furtherance of the Organization's tax-exempt purpose is exempt from Federal and State income taxes. The Organization is treated as a publically supported organization, and not as a private foundation. The Organization has adopted the provisions of ASC Topic 740, *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 open examination periods are 2014 and 2015.

**(g) Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Temporarily restricted net assets are subject to a time restriction relating to outstanding pledge receivables. The time restriction will expire as pledges are collected in future periods and at that time will be reclassified to unrestricted net assets.

**(h) Donated Materials and Services**

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

**(i) Functional Allocation of Expenses**

The costs of providing the Organization's various programs have been summarized on a functional basis in a separate statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**EQUALITY FLORIDA ACTION, INC.**

**Notes to Financial Statements - Continued  
(Unaudited)**

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

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

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

**(k) Advertising and Promotion**

Advertising and promotion costs are expensed as incurred.

**(2) Related Party Transactions**

The Organization shares certain costs with Equality Florida Institute, Inc. (“EFI”), an affiliated not-for-profit entity. Shared costs include personnel, contract labor and office space. Personnel and contract labor costs are allocated based on estimated time dedicated to the Organization and office space is allocated based on estimated space usage. The amount paid by the Organization to EFI for shared personnel costs (salaries, wages, payroll taxes and benefits), contract labor and office space during 2015 was approximately \$88,000. The amount payable to EFI for shared costs at December 31, 2015 was \$1,880.

The Organization paid approximately \$42,000 to Equality Florida, Inc. (“EF”), an affiliated not-for-profit entity, during the year ended December 31, 2015 for expenses paid by EF on behalf of the Organization.

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

**(3) Credit Risk Concentration**

The Organization maintains deposit accounts with what management believes to be high credit quality financial institutions. The Organization’s deposit balances were fully covered by federal deposit insurance at December 31, 2015.

**EQUALITY FLORIDA ACTION, INC.**

**Notes to Financial Statements - Continued  
(Unaudited)**

**(4) Operating Leases**

The Organization leases space for five offices, under month-to-month and noncancelleable operating leases expiring at various dates through 2016. Rent expense under these operating leases was approximately \$7,000 in 2015.

The cost of these leases is shared with EFI.

**(5) Subsequent Events**

The Organization has evaluated subsequent events through April 7, 2016, the date the financial statements were available for issuance.