

**EQUALITY FLORIDA ACTION, INC.**

**Financial Statements  
(Unaudited)**

**December 31, 2016 and 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 statements of financial position as of December 31, 2016 and 2015, 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, 2016, 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 12, 2017  
Clearwater, Florida

**EQUALITY FLORIDA ACTION, INC.**

**Statements of Financial Position**

**December 31, 2016 and 2015**

**(Unaudited)**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current assets:		
Cash	\$ 840,991	95,948
Pledges receivable, net of allowance for uncollectible pledges of \$726 and \$75 in 2016 and 2015, respectively	2,429	1,425
Accounts receivable	2,045	2,045
Prepaid expenses	8,524	1,229
Due from affiliate, Equality Florida Institute, Inc.	2,075	-
	<u>856,064</u>	<u>100,647</u>
Total current assets		
	<u>856,064</u>	<u>100,647</u>
Total assets	\$ <u>856,064</u>	\$ <u>100,647</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 77,604	-
Due to affiliate, Equality Florida Institute, Inc.	-	1,880
	<u>77,604</u>	<u>1,880</u>
Total current liabilities		
	<u>77,604</u>	<u>1,880</u>
Net assets:		
Unrestricted net assets	776,031	97,342
Temporarily restricted net assets	2,429	1,425
	<u>778,460</u>	<u>98,767</u>
Total net assets		
	<u>778,460</u>	<u>98,767</u>
Total liabilities and net assets	\$ <u>856,064</u>	\$ <u>100,647</u>

**EQUALITY FLORIDA ACTION, INC.**

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

**Year Ended December 31, 2016  
(With Comparative Totals for 2015)  
(Unaudited)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2016</u>	<u>2015</u>
Support and revenue:				
Contributions	\$ 335,773	1,004	336,777	28,635
Grant revenue	612,218	-	612,218	-
Contributions for Pulse Victims Fund	49,366	-	49,366	-
Program revenue	625	-	625	395
Other income	6,766	-	6,766	3,925
Total operating support and revenue	<u>1,004,748</u>	<u>1,004</u>	<u>1,005,752</u>	<u>32,955</u>
Operating expenses:				
Program services	289,557	-	289,557	198,734
Supporting services	36,502	-	36,502	24,392
Total operating expenses	<u>326,059</u>	<u>-</u>	<u>326,059</u>	<u>223,126</u>
Increase (decrease) in net assets from operations	678,689	1,004	679,693	(190,171)
Other changes in net assets:				
Pledges transferred from affiliate	-	-	-	4,759
Contributions from affiliate	-	-	-	30,896
Increase (decrease) in net assets	678,689	1,004	679,693	(154,516)
Net assets, beginning of year	<u>97,342</u>	<u>1,425</u>	<u>98,767</u>	<u>253,283</u>
Net assets, end of year	<u>\$ 776,031</u>	<u>2,429</u>	<u>778,460</u>	<u>98,767</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
	<hr/>	<hr/>	<hr/>
Total operating support and revenue	31,530	1,425	32,955
Operating expenses:			
Program services	198,734	-	198,734
Supporting services	24,392	-	24,392
	<hr/>	<hr/>	<hr/>
Total operating expenses	223,126	-	223,126
	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>
Increase (decrease) in net assets	(155,941)	1,425	(154,516)
Net assets, beginning of year	<hr/> 253,283	<hr/> -	<hr/> 253,283
Net assets, end of year	<hr/> <u>\$ 97,342</u>	<hr/> <u>1,425</u>	<hr/> <u>98,767</u>

**EQUALITY FLORIDA ACTION, INC.**

**Statement of Functional Expenses**

**Year Ended December 31, 2016  
(With Comparative Totals for 2015)  
(Unaudited)**

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total</u>	
		<u>Management and General</u>	<u>Development</u>	<u>Total</u>	<u>2016</u>	<u>2015</u>
Salaries	\$ 90,721	6,340	5,750	12,090	102,811	125,479
Payroll taxes	5,855	412	461	873	6,728	11,737
Employee benefits	10,963	813	908	1,721	12,684	14,192
	<u>107,539</u>	<u>7,565</u>	<u>7,119</u>	<u>14,684</u>	<u>122,223</u>	<u>151,408</u>
Operating	146,507	1,014	2,694	3,708	150,215	9,936
Occupancy	1,927	-	-	-	1,927	7,849
Travel and meeting	1,288	-	-	-	1,288	2,241
Miscellaneous	-	-	-	-	-	661
Business	-	61	4,149	4,210	4,210	5,327
Contract labor	32,296	13,900	-	13,900	46,196	45,704
Total expenses	<u>\$ 289,557</u>	<u>22,540</u>	<u>13,962</u>	<u>36,502</u>	<u>326,059</u>	<u>223,126</u>

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

**EQUALITY FLORIDA ACTION, INC.**

**Statements of Cash Flows**

**Years Ended December 31, 2016 and 2015  
(Unaudited)**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 679,693	(154,516)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Increase in pledges receivable	(1,004)	(1,425)
Increase in accounts receivable	-	(2,045)
Increase in prepaid expenses	(7,295)	(1,229)
Decrease (increase) in due from affiliate	(2,075)	125,511
Increase (decrease) in accounts payable	77,604	(50,080)
Decrease in due to affiliate	(1,880)	(40,120)
	<u>745,043</u>	<u>(123,904)</u>
Net cash provided by (used in) operating activities		
	745,043	(123,904)
	<u>95,948</u>	<u>219,852</u>
Cash at beginning of year		
	95,948	219,852
	<u>840,991</u>	<u>95,948</u>
Cash at end of year		
	\$ 840,991	95,948



# EQUALITY FLORIDA ACTION, INC.

## Notes to Financial Statements

December 31, 2016 and 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 through 2016.

#### (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.

#### (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.

**EQUALITY FLORIDA ACTION, INC.**

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

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

**(k) Advertising and Promotion**

Advertising and promotion costs are expensed as incurred.

**(l) 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, 2015, from which the summarized information was derived.

**(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 2016 and 2015 was approximately \$199,000 and \$88,000 respectively. Amounts paid by the Organization to EFI in 2016 include prepayments for estimated 2017 shared costs totaling \$2,075. Additional amounts payable to EFI for shared costs at December 31, 2015 were \$1,880.

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

During the year ended December 31, 2016, the Organization received a \$600,000 grant from Equality Florida Institute, Inc. in support of its activities. This grant is included in grant revenue in the accompanying statement of activities and changes in net assets.

During the year ended December 31, 2016, the Organization contributed \$94,000 to Equality Florida Action PAC, Inc. in support of its activities.

**(3) Credit Risk Concentration**

The Organization maintains deposit accounts with what management believes to be high credit quality financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Organization has not experienced any loss in such accounts. As of December 31, 2016, the Organization's deposit balances were fully covered by federal deposit insurance.

## EQUALITY FLORIDA ACTION, INC.

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

#### (4) Operating Leases

The Organization generally leases office and other space on a month-to-month or other short-term basis. Rent expense under these operating leases during 2016 and 2015 was approximately \$2,000 and \$7,000, respectively.

The cost of these leases is shared with EFI.

#### (5) Line of Credit

During 2016, the Organization executed a \$150,000 revolving line of credit agreement with a bank. The Organization and Equality Florida Institute, Inc. are co-borrowers under the line of credit. The agreement matures April 18, 2017 and outstanding borrowings accrue interest at the bank's prime rate plus 1% (4.75% at December 31, 2016). The line of credit is secured by all assets of the Organization and of Equality Florida Institute, Inc. At December 31, 2016, there were no outstanding borrowings under the line of credit. Terms of the agreement require the Organization to comply with certain non-financial covenants and to have no advances under the line outstanding for at least 30 days each year. At December 31, 2016, the Organization was in compliance with these requirements.

#### (6) Pulse Night Club Campaign

On June 12, 2016, 49 people were killed and 53 others were wounded in a hate crime inside a LGBT nightclub in Orlando, Florida. The Organization collected funds for the victims and their families, and worked with the National Center for Victims of Crime (NCVC) to establish protocols for victim identification and eligibility determination, and to develop a methodology for the distribution of funds to eligible recipients. NCVC distributed the funds in accordance with these established protocols. Total funds collected during 2016 were approximately \$49,000. Amounts distributed were approximately \$49,000 which are included in program operating expenses in the accompanying statement of functional expenses.

#### (7) Subsequent Events

The Organization has evaluated subsequent events through April 12, 2017, the date the financial statements were available for issuance.