EQUALITY FLORIDA INSTITUTE, INC.

Financial Statements

December 31, 2022 and 2021
(With Independent Auditors' Report Thereon)

EQUALITY FLORIDA INSTITUTE, INC.

Table of Contents

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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, 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, 2022, 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.

Mayer Hoffman McCann P.C.
140 Fountain Parkway North
Suite 410
St. Petersburg, FL 33716

Phone: 727.572.1400
Fax: 727.571.1933
mhmcpa.com

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.

MAYER HOFFMAN McCANN P.C.

August 9, 2023
St. Petersburg, Florida

EQUALITY FLORIDA INSTITUTE, INC.

Statements of Financial Position

December 31, 2022 and 2021

		2022	2021
Assets			
Current assets:			
Cash and cash equivalents	$	5,213,858	3,561,387
Grants receivable, current		703,800	624,285
Due from affiliate		21,763	-
Other		120,520	328,140
Total current assets		6,059,941	4,513,812
Grants receivable, noncurrent		100,000	-
Investments - operating funds		1,298,854	1,546,405
Investments - endowment		284,653	376,316
Fixed assets:			
Computer equipment		15,146	16,209
Office furniture and equipment		3,658	3,658
		18,804	19,867
Less accumulated depreciation		14,235	14,371
Fixed assets, net		4,569	5,496
Total assets	$	7,748,017	6,442,029
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	$	57,698	62,943
Accrued payroll and related expenses		226,513	187,893
Due to affiliate		-	27,011
Deferred revenue - gala events		28,550	68,998
Other current liabilities		181,689	176,472
Total current liabilities		494,450	523,317
Deferred compensation		32,300	95,000
Total liabilities		526,750	618,317
Net assets:			
Without donor restrictions		6,500,740	4,325,520
With donor restrictions		720,527	1,498,192
Total net assets		7,221,267	5,823,712
Total liabilities and net assets	$	7,748,017	6,442,029

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, 2022
(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Support and revenue:				
Private foundation grants	$ 2,218,627	429,180	2,647,807	1,534,328
Federal grants:				
Paycheck Protection Program loan	-	-	-	494,241
Employee Retention Tax Credit	-	-	-	687,197
In-kind contributions	405,068	-	405,068	153,538
Contributions, net of direct benefits to donors of $385,466 and $362,199 in 2022 and 2021, respectively	3,349,933	6,695	3,356,628	1,613,748
Bequests	-	-	-	9,946
Phone canvass donations	155,636	-	155,636	167,750
Program fees	52,500	-	52,500	103,250
Interest income	32,389	-	32,389	12,621
Investment income (loss), net	(252,010)	(37,117)	(289,127)	99,981
Other income	4,031	-	4,031	12,829
Net assets released from restrictions	1,176,423	(1,176,423)	-	-
Total operating support and revenue	7,142,597	(777,665)	6,364,932	4,889,429
Operating expenses:				
Program services	4,466,037	-	4,466,037	3,680,754
Supporting services	501,340	-	501,340	419,411
Total operating expenses	4,967,377	-	4,967,377	4,100,165
Increase (decrease) in net assets	2,175,220	(777,665)	1,397,555	789,264
Net assets, beginning of year	4,325,520	1,498,192	5,823,712	5,034,448
Net assets, end of year	$ 6,500,740	720,527	7,221,267	5,823,712

EQUALITY FLORIDA INSTITUTE, INC.

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Private foundation grants	$ 828,229	706,099	1,534,328
Federal grants:			
Paycheck Protection Program loan	494,241	-	494,241
Employee Retention Tax Credit	687,197	-	687,197
In-kind contributions	153,538	-	153,538
Contributions, net of direct benefits to donors of $362,199	1,612,048	1,700	1,613,748
Bequests	9,946	-	9,946
Phone canvass donations	167,750	-	167,750
Program fees	103,250	-	103,250
Interest income	12,621	-	12,621
Investment income, net	45,435	54,546	99,981
Other income	12,829	-	12,829
Net assets released from restrictions	812,770	(812,770)	-
Total operating support and revenue	4,939,854	(50,425)	4,889,429
Operating expenses:			
Program services	3,680,754	-	3,680,754
Supporting services	419,411	-	419,411
Total operating expenses	4,100,165	-	4,100,165
Increase (decrease) in net assets	839,689	(50,425)	789,264
Net assets, beginning of year	3,485,831	1,548,617	5,034,448
Net assets, end of year	$ 4,325,520	1,498,192	5,823,712

EQUALITY FLORIDA INSTITUTE, INC.

Statement of Functional Expenses

Year Ended December 31, 2022
(With Comparative Totals for 2021)

		Supporting Services			Total Expenses	
	Program Services	Management and General	Development	Total	2022	2021
Salaries	$ 2,436,658	144,614	23,227	167,841	2,604,499	2,484,160
Payroll taxes	184,197	9,886	1,579	11,465	195,662	173,975
Employee benefits	346,209	35,213	4,213	39,426	385,635	430,273
	2,967,064	189,713	29,019	218,732	3,185,796	3,088,408
Operating	459,261	35,265	11,042	46,307	505,568	447,400
Professional fees	258,442	31,200	-	31,200	289,642	81,924
Occupancy	50,485	15,438	2,287	17,725	68,210	48,536
Travel and meeting	459,400	95,296	30,264	125,560	584,960	141,679
Miscellaneous	16,257	11,252	20,998	32,250	48,507	62,905
Business	70	2,036	207	2,243	2,313	2,220
Contract labor	251,745	13,340	13,983	27,323	279,068	223,704
Total expenses before depreciation	4,462,724	393,540	107,800	501,340	4,964,064	4,096,776
Depreciation	3,313	-	-	-	3,313	3,389
Total expenses - 2022	$ 4,466,037	393,540	107,800	501,340	4,967,377	
Total expenses - 2021	$ 3,680,754	348,117	71,294	419,411		4,100,165

EQUALITY FLORIDA INSTITUTE, INC.

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

		2022	2021
Cash flows from operating activities:			
Increase in net assets	$	1,397,555	789,264
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation		3,313	3,389
Loss on disposal of fixed assets		-	2,107
Realized and unrealized losses (gains) on investments		308,786	(94,973)
Changes in operating assets and liabilities:			
Decrease (increase) in grants receivable		(179,515)	438,665
Increase in due from affiliate		(21,763)	-
Decrease (increase) in other current assets		207,620	(3,235)
Increase (decrease) in accounts payable		(5,245)	2,066
Increase in accrued payroll and related expenses		38,620	3,248
Increase (decrease) in due to affiliate		(27,011)	14,167
Increase (decrease) in deferred revenue		(40,448)	38,048
Increase in other current liabilities		5,217	99,229
Increase (decrease) in deferred compensation		(62,700)	95,000
Net cash provided by operating activities		1,624,429	1,386,975
Cash flows from investing activities:			
Purchase of investments		(147,074)	(1,555,673)
Purchase of fixed assets		(2,386)	-
Proceeds from sale of investments		177,502	100,247
Net cash provided by (used in) investing activities		28,042	(1,455,426)
Net increase (decrease) in cash and cash equivalents		1,652,471	(68,451)
Cash and cash equivalents at beginning of year		3,561,387	3,629,838
Cash and cash equivalents at end of year	$	5,213,858	3,561,387

(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*.

(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.

(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) Advertising and Promotion

Advertising and promotion costs are expensed as incurred. Advertising and promotion expense for the years ended December 31, 2022 and 2021 was approximately $24,000 and $11,900, respectively.

(n) 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.

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

(o) Recent Accounting Pronouncements

In September 2020, the FASB issued Accounting Standards Update ("ASU") No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit entities. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities and changes in net assets, apart from contributions of cash or other financial assets. The ASU also requires enhanced disclosure, including disaggregation of nonfinancial assets recognized by category and qualitative information about each category. The amendments in this ASU have been applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. On January 1, 2022, the Organization adopted ASU No. 2020-07 using a retrospective approach. The adoption had no material effect on the financial statements at that time.

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 statement of activities and changes in net assets. 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 adopted ASU No. 2016-02 on January 1, 2022. The adoption had no material effect on the financial statements at that time.

ASU 2016-02 includes a short-term lease (12 months or less) exemption from applying the recognition requirements of the standard. The Organization elected to apply this exemption to all classes of underlying assets. In 2022, all of the Organization's existing leases were subject to this exemption.

(p) 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, 2021, 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 2022 and 2021 were approximately $500,000 and $325,000, respectively. Of the estimated shared costs allocated to EFA from the Organization in 2022, $21,763 remains receivable from EFA at December 31, 2022. Prepayments from EFA to the Organization for shared costs at December 31, 2021 were $27,011.

Grants awarded by the Organization to EFA during 2022 and 2021 were approximately $350,000 and $320,000 respectively.

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

The Organization receives in-kind legal services from a law firm in which a member of the board of directors formerly served in a leadership role. Total contributed in-kind legal services received from this firm were approximately $0 and $20,000 for the years ended December 31, 2022 and 2021, respectively.

(3) Investments

Investments consist of the following at December 31, 2022 and 2021:

	2022		2021	
	Cost	Market	Cost	Market
Endowment:				
Money market funds	$ 4,477	4,477	7,134	7,134
Equities	178,062	220,497	206,174	302,826
Fixed income securities	60,005	58,106	60,143	62,996
Real Estate Investment Trusts (REITs)	1,443	1,573	2,024	3,360
Total endowment	243,987	284,653	275,475	376,316
Operating:				
Money market funds	21,819	21,819	18,849	18,849
Equities	993,921	857,908	994,517	1,042,185
Fixed income securities	447,824	386,531	441,043	436,714
Real Estate Investment Trusts (REITs)	39,883	32,596	45,529	48,657
Total operating	1,503,447	1,298,854	1,499,938	1,546,405
Total investments	$ 1,747,434	1,583,507	1,775,413	1,922,721

At December 31, 2022 and 2021, the Organization's investments were held in managed brokerage accounts with a third party brokerage firm.

(3) Investments - Continued

The following schedule summarizes investment return for the years ended December 31, 2022 and 2021:

		2022	2021
Interest and dividends	$	38,159	13,015
Net realized and unrealized gains (losses)		(308,786)	94,973
Investment management fees		(18,500)	(8,007)
Total investment return		(289,127)	99,981
Investment return with donor restrictions		(37,117)	54,546
Investment return without donor restrictions	$	(252,010)	45,435

(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.

(4) Liquidity and Availability of Resources - Continued

As of December 31, 2022 and 2021, the Organization's financial assets available to meet cash needs for general expenditures for the next 12 months were as follows:

	2022	2021
Financial assets:		
Cash and cash equivalents	$ 5,213,858	3,561,387
Grants receivable, current	703,800	624,285
Grants receivable, noncurrent	100,000	-
Due from affiliate	21,763	-
Investments - operating	1,298,854	1,546,405
Investments - endowment	284,653	376,316
Total financial assets	7,622,928	6,108,393
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	(620,527)	(1,398,192)
Financial assets available to meet cash needs for general expenditures for the next 12 months	$ 6,902,401	4,710,201

(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, 2022, the Organization had $12,461 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, 2022 includes amounts due from two grantors of $500,000 and $200,000 that represent approximately 62% and 25% of the total, respectively.

(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, 2022 and 2021 was approximately $146,000 and $125,000, respectively.

(6) Retirement Plans - Continued

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. 457(b) plan expense for the year ended December 31, 2022 was approximately $97,000.

(7) Operating 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 $54,000 and $48,000 in 2022 and 2021, respectively.

Future minimum lease payments under noncancellable operating leases as of December 31, 2022 were approximately $21,000 through December 31, 2023.

(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.

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.

(8) Fair Value Measurements - Continued

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

	Fair Value	Level 1	Level 2	Level 3
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	-
Real estate investment trust	34,169	34,169	-	-
Total investments	$ 1,583,507	1,138,870	444,637	-

Fair values of assets measured at fair value on a recurring basis at December 31, 2021 were as follows:

	Fair Value	Level 1	Level 2	Level 3
Investments:				
Money market funds	$ 25,983	25,983	-	-
Equities:				
Domestic	1,221,651	1,221,651	-	-
International	123,360	123,360	-	-
Fixed income:				
U.S. corporate bonds	499,710	-	499,710	-
Real estate investment trust	52,017	52,017	-	-
Total investments	$ 1,922,721	1,423,011	499,710	-

(9) Donor Restrictions on Net Assets

Net assets with donor restrictions consist of the following at December 31, 2022 and 2021:

	2022	2021
Pledges receivable, net	$ 6,695	1,700
Time restricted grants	200,000	827,380
Education and training programs	229,179	347,342
Endowment fund, earnings to fund operations	284,653	321,770
	$ 720,527	1,498,192

(9) Donor Restrictions on Net Assets - Continued

Net assets were released from donor restrictions during the year ended December 31, 2022 as a result of the expiration of time restrictions or as a result of meeting donor stipulations as follows:

Safe and Healthy Schools (SHS)	$	35,400
Healthcare Equity		149,071
Equality Means Business		37,560
Expiration of time restrictions		829,080
Other education and training programs		125,312
	$	1,176,423

(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.

(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	321,770
Deficiencies of underwater endowment funds	$ (37,117)

Changes in endowment net assets for the years ended December 31, 2022 and 2021 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets at December 31, 2020	$ -	321,770	321,770
Investment return	-	54,546	54,546
Appropriation of endowment assets pursuant to spending policy	54,546	(54,546)	-
Endowment net assets at December 31, 2021	54,546	321,770	376,316
Investment return	(4,546)	(37,117)	(41,663)
Withdrawals	(50,000)	-	(50,000)
Appropriation of endowment assets pursuant to spending policy	-	-	-
Endowment net assets at December 31, 2022	$ -	284,653	284,653

(11) In-Kind Contributions

In-kind contributions for the years ended December 31, 2022 and 2021 consisted of the following:

		2022	2021
Catering, food and beverage	$	108,107	88,640
Legal services		258,442	54,574
Other materials and services		38,519	10,324
	$	405,068	153,538

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 consists 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, 2022 and 2021:

		2022	2021
Direct benefits to donors	$	3,200	44,320
Program services		401,248	54,644
Management and general		-	54,574
Development		620	-
	$	405,068	153,538

(12) Paycheck Protection Program Loan

The Organization applied for and received a second draw forgivable Paycheck Protection Program ("PPP") Loan of $494,241 as provided under the Federal Coronavirus Aid, Relief and Economic Security Act and the loan was funded in April 2021.

The Organization submitted a formal request for forgiveness and on February 18, 2022, the Organization received formal notification of forgiveness for the full balance of the loan. As a result, the Organization has recognized the full loan amount as a federal grant in the accompanying statement of activities and changes in net assets for the year ended December 31, 2021.

(13) Payroll Tax Credit

The CARES Act provided for an employee retention credit ("ERC"), which is a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee through December 31, 2020.

Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to $10,000 of qualified wages per quarter and available to entities who received PPP loans. Based on the 2021 relief provisions, the Organization qualified for the tax credit in fiscal 2021 retrospectively for the calendar year 2020. The Organization has elected to apply the provisions of ASU 2018-08, *Clarifying Guidance for Contributions Received and Contributions Made (Topic 958-605)* as the relevant guidance for a not-for-profit entity for this type of conditional federal award. The Organization recognized approximately $0 and $687,200 related to the ERC in "Federal grants" on the Organization's statement of activities and changes in net assets for the years ended December 31, 2022 and 2021, respectively. As of December 30, 2022 and 2021, approximately $0 and $243,700, respectively, are reflected as "grants receivable, current" on the statement of financial position.

(14) Subsequent Events

The Organization has evaluated subsequent events through August 9, 2023, the date the financial statements were available for issuance.