

**EQUALITY FLORIDA ACTION, INC.**

**Financial Statements  
(Unaudited)**

**December 31, 2021 and 2020  
(With Independent Accountants' Review Report Thereon)**

**EQUALITY FLORIDA ACTION, INC.**

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## **Independent Accountants' 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, 2021 and 2020, 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, 2021, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization 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.

### **Accountants' 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.

We are required to be independent of Equality Florida Action, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountants' 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.

July 18, 2022  
St. Petersburg, Florida



**EQUALITY FLORIDA ACTION, INC.**

**Statements of Financial Position**

**December 31, 2021 and 2020**

**(Unaudited)**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current assets:		
Cash	\$ 1,130,677	1,100,121
Accounts receivable	6,568	55,923
Prepaid expenses and other assets	853	-
Due from affiliate, Equality Florida Institute, Inc.	27,011	12,844
	<u>1,165,109</u>	<u>1,168,888</u>
Total current assets		
	<u>1,165,109</u>	<u>1,168,888</u>
Total assets	<u><u>\$ 1,165,109</u></u>	<u><u>1,168,888</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 7,289	111,523
Other current liabilities	43,947	10,159
	<u>51,236</u>	<u>121,682</u>
Total current liabilities		
	51,236	121,682
Deferred compensation - long-term	<u>22,800</u>	<u>-</u>
	74,036	121,682
Total liabilities		
	74,036	121,682
Net assets:		
Without donor restrictions	705,073	747,206
With donor restrictions	386,000	300,000
	<u>1,091,073</u>	<u>1,047,206</u>
Total net assets		
	<u>1,091,073</u>	<u>1,047,206</u>
Total liabilities and net assets	<u><u>\$ 1,165,109</u></u>	<u><u>1,168,888</u></u>

**EQUALITY FLORIDA ACTION, INC.**

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

**Year Ended December 31, 2021  
(With Comparative Totals for 2020)  
(Unaudited)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
			<b>2021</b>	<b>2020</b>
Support and revenue:				
Contributions	\$ 278,254	120	278,374	193,001
Grants	-	475,000	475,000	1,092,340
Other income, net	31,007	-	31,007	33,622
Net assets released from restrictions	<u>389,120</u>	<u>(389,120)</u>	<u>-</u>	<u>-</u>
Total operating support and revenue	698,381	86,000	784,381	1,318,963
Operating expenses:				
Program services	630,871	-	630,871	895,415
Supporting services	<u>109,643</u>	<u>-</u>	<u>109,643</u>	<u>66,451</u>
Total operating expenses	<u>740,514</u>	<u>-</u>	<u>740,514</u>	<u>961,866</u>
Increase (decrease) in net assets	(42,133)	86,000	43,867	357,097
Net assets, beginning of year	<u>747,206</u>	<u>300,000</u>	<u>1,047,206</u>	<u>690,109</u>
Net assets, end of year	<u>\$ 705,073</u>	<u>386,000</u>	<u>1,091,073</u>	<u>1,047,206</u>

**EQUALITY FLORIDA ACTION, INC.**

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

**Year Ended December 31, 2020**

**(Unaudited)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 193,001	-	193,001
Grants	792,340	300,000	1,092,340
Other income, net	33,622	-	33,622
Net assets released from restrictions	<u>639</u>	<u>(639)</u>	<u>-</u>
Total operating support and revenue	1,019,602	299,361	1,318,963
Operating expenses:			
Program services	895,415	-	895,415
Supporting services	<u>66,451</u>	<u>-</u>	<u>66,451</u>
Total operating expenses	<u>961,866</u>	<u>-</u>	<u>961,866</u>
Increase in net assets	57,736	299,361	357,097
Net assets, beginning of year	<u>689,470</u>	<u>639</u>	<u>690,109</u>
Net assets, end of year	<u>\$ 747,206</u>	<u>300,000</u>	<u>1,047,206</u>

**EQUALITY FLORIDA ACTION, INC.**

**Statement of Functional Expenses**

**Year Ended December 31, 2021  
(With Comparative Totals for 2020)  
(Unaudited)**

	<b>Program Services</b>	<b>Supporting Services</b>			<b>Total</b>	
		<b>Management and General</b>	<b>Development</b>	<b>Total</b>	<b>2021</b>	<b>2020</b>
Salaries	\$ 167,731	25,879	13,536	39,415	207,146	280,835
Payroll taxes	10,276	1,471	507	1,978	12,254	20,431
Employee benefits	32,226	5,008	3,629	8,637	40,863	33,886
	210,233	32,358	17,672	50,030	260,263	335,152
Operating	292,853	703	1,742	2,445	295,298	276,468
Occupancy	1,658	-	-	-	1,658	4,933
Travel and meeting	23,000	-	359	359	23,359	16,618
Miscellaneous	29,222	384	24,568	24,952	54,174	107,845
Business	8,811	133	952	1,085	9,896	7,046
Contract labor	65,094	7,396	23,376	30,772	95,866	213,804
Total expenses	\$ <u>630,871</u>	<u>40,974</u>	<u>68,669</u>	<u>109,643</u>	<u>740,514</u>	<u>961,866</u>

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

**EQUALITY FLORIDA ACTION, INC.**

**Statements of Cash Flows**

**Years Ended December 31, 2021 and 2020**  
**(Unaudited)**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase in net assets	\$ 43,867	357,097
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Decrease (increase) in pledges receivable	-	225
Decrease (increase) in accounts receivable	49,355	(49,008)
Decrease (increase) in prepaid expenses	(853)	2,389
Increase in due from affiliate	(14,167)	(11,487)
Increase (decrease) in accounts payable	(104,234)	110,871
Increase in other current liabilities	33,788	877
Increase in deferred compensation - long-term	<u>22,800</u>	<u>-</u>
Net cash provided by operating activities	<u>30,556</u>	<u>410,964</u>
Net increase in cash	30,556	410,964
Cash at beginning of year	<u>1,100,121</u>	<u>689,157</u>
Cash at end of year	<u><u>\$ 1,130,677</u></u>	<u><u>1,100,121</u></u>



# EQUALITY FLORIDA ACTION, INC.

## Notes to Financial Statements

December 31, 2021 and 2020

(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 lesbian, gay, bisexual, transgender, and queer (LGBTQ) community in Florida and mobilizing pro-equality voters. 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. 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, net assets are reclassified as net assets without donor restrictions and reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions. At December 31, 2021 and 2020, net assets with donor restrictions were restricted for specific programs of the Organization and totaled \$386,000 and \$300,000, respectively.

#### (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 ACTION, INC.**

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

**(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 donor restricted net assets depending on the nature of the 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.

The Organization had a nominal amount of pledges receivable at December 31, 2021 and that balance has been included in prepaid expenses and other assets in the accompanying statement of financial position.

**(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 publicly supported organization, and not as a private foundation. The Organization has adopted the provisions of ASC Topic 740, *Income Taxes*, 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.

**(g) 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.

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.

## EQUALITY FLORIDA ACTION, INC.

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

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

##### (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, other 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 various programs and activities and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets. 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 costs.

##### (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.

##### (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, 2020, from which the summarized information was derived.

##### (m) **Reclassifications**

Certain amounts in the 2020 financial statements have been reclassified for comparative purposes to conform to the 2021 presentation. These reclassifications had no effect on net assets or changes in net assets.

## **EQUALITY FLORIDA ACTION, INC.**

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

#### **(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 2021 and 2020 was approximately \$325,000 and \$454,000 respectively. Amounts paid by the Organization to EFI in 2021 include prepayments for estimated 2022 shared costs totaling \$27,011. Amounts paid by the Organization to EFI in 2020 include prepayments for estimated 2021 shared costs totaling \$12,844.

Grants received by the Organization from EFI during 2021 and 2020 were approximately \$320,000 and \$300,000 respectively.

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 LGBTQ 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 LGBTQ community in Florida and mobilizing pro-equality voters.

During the years ended December 31, 2021 and 2020, the Organization contributed \$239,000 and \$20,000, respectively, to Equality Florida Action PAC, Inc. in support of its activities.

The Organization purchases promotional services from a company owned by a former board member. Total promotional services purchased from this company were approximately \$18,000 for the year ended December 31, 2021. Included in other current liabilities in the accompanying statements of financial position are amounts due to this related party of approximately \$18,000 at December 31, 2021.

#### **(3) 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’s primary source of liquidity is its cash balances.

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 support and 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 ACTION, INC.

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

#### (3) Liquidity and Availability of Resources - Continued

As of December 31, 2021 and 2020, the Organization's financial assets available to meet cash needs for general expenditures for the next 12 months were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 1,130,677	1,100,121
Accounts receivable	6,568	55,923
Due from affiliate, Equality Florida Institute, Inc.	<u>27,011</u>	<u>12,844</u>
Total financial assets	1,164,256	1,168,888
Less amounts unavailable for general expenditure within the next 12 months due to:		
Contractual or donor-imposed restrictions:		
Donor-restricted for specific purposes or time	<u>(386,000)</u>	<u>(300,000)</u>
Financial assets available to meet cash needs for general expenditures for the next 12 months	<u>\$ 778,256</u>	<u>868,888</u>

#### (4) 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, 2021, the Organization's deposit balances were fully covered by federal deposit insurance.

#### (5) 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 2021 and 2020 was approximately \$3,000 and \$4,900, respectively.

The cost of these leases is shared with EFI.

#### (6) Risks and Uncertainties - COVID-19 Pandemic

The novel coronavirus ("COVID-19") spread rapidly across the world in the first quarter of 2020 and was declared a pandemic by the World Health Organization in March 2020. The government and private sector responses to contain its spread began to adversely affect the broader economy and business in general in March 2020 and those impacts may continue to affect the Organization's operations through the remainder of 2022, although such effects may vary significantly.

#### (7) Subsequent Events

The Organization has evaluated subsequent events through July 18, 2022, the date the financial statements were available for issuance.