

EQUALITY FLORIDA ACTION, INC.

**Financial Statements
(Unaudited)**

**December 31, 2017 and 2016
(With Independent Accountant's Review Report Thereon)**

EQUALITY FLORIDA ACTION, INC.

Table of Contents

	<u>Page</u>
Independent Accountant's Review Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3 - 4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 10



13577 Feather Sound Drive, Suite 400 ■ Clearwater, Florida 33762
Main: 727.572.1400 ■ Fax: 727.571.1933 ■ www.mhm-pc.com

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, 2017 and 2016, 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, 2017, 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.

June 7, 2018
Clearwater, Florida

EQUALITY FLORIDA ACTION, INC.

Statements of Financial Position

December 31, 2017 and 2016

(Unaudited)

Assets	<u>2017</u>	<u>2016</u>
Current assets:		
Cash	\$ 866,171	840,991
Pledges receivable, net of allowance for uncollectible pledges of \$194 and \$726 in 2017 and 2016, respectively	1,224	2,429
Accounts receivable	-	2,045
Prepaid expenses	25,000	8,524
Due from affiliate, Equality Florida Institute, Inc.	<u>22,309</u>	<u>2,075</u>
Total current assets	<u>914,704</u>	<u>856,064</u>
Total assets	<u><u>\$ 914,704</u></u>	<u><u>856,064</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	<u>\$ 29,427</u>	<u>77,604</u>
Total current liabilities	<u>29,427</u>	<u>77,604</u>
Net assets:		
Unrestricted net assets	884,053	776,031
Temporarily restricted net assets	<u>1,224</u>	<u>2,429</u>
Total net assets	<u>885,277</u>	<u>778,460</u>
Total liabilities and net assets	<u><u>\$ 914,704</u></u>	<u><u>856,064</u></u>

EQUALITY FLORIDA ACTION, INC.

Statement of Activities and Changes in Net Assets

**Year Ended December 31, 2017
(With Comparative Totals for 2016)
(Unaudited)**

			Total	
	Unrestricted	Temporarily Restricted	2017	2016
Support and revenue:				
Contributions	\$ 202,704	-	202,704	336,777
Grant revenue	-	-	-	612,218
Contributions for Pulse Victims Fund	-	-	-	49,366
Program revenue	1,175	-	1,175	625
Other income	9,768	-	9,768	6,766
Net assets released from restrictions	<u>1,205</u>	<u>(1,205)</u>	<u>-</u>	<u>-</u>
Total operating support and revenue	214,852	(1,205)	213,647	1,005,752
Operating expenses:				
Program services	91,076	-	91,076	289,557
Supporting services	<u>15,754</u>	<u>-</u>	<u>15,754</u>	<u>36,502</u>
Total operating expenses	<u>106,830</u>	<u>-</u>	<u>106,830</u>	<u>326,059</u>
Increase (decrease) in net assets	108,022	(1,205)	106,817	679,693
Net assets, beginning of year	<u>776,031</u>	<u>2,429</u>	<u>778,460</u>	<u>98,767</u>
Net assets, end of year	<u><u>\$ 884,053</u></u>	<u><u>1,224</u></u>	<u><u>885,277</u></u>	<u><u>778,460</u></u>

EQUALITY FLORIDA ACTION, INC.

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2016

(Unaudited)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 335,773	1,004	336,777
Grant revenue	612,218	-	612,218
Contributions for Pulse Victims Fund	49,366	-	49,366
Program revenue	625	-	625
Other income	6,766	-	6,766
	<u>1,004,748</u>	<u>1,004</u>	<u>1,005,752</u>
Total operating support and revenue			
Operating expenses:			
Program services	289,557	-	289,557
Supporting services	36,502	-	36,502
	<u>326,059</u>	<u>-</u>	<u>326,059</u>
Total operating expenses			
Increase in net assets	678,689	1,004	679,693
Net assets, beginning of year	97,342	1,425	98,767
Net assets, end of year	<u>\$ 776,031</u>	<u>2,429</u>	<u>778,460</u>

EQUALITY FLORIDA ACTION, INC.

Statement of Functional Expenses

**Year Ended December 31, 2017
(With Comparative Totals for 2016)
(Unaudited)**

	Program Services	Supporting Services			Total	
		Management and General	Development	Total	2017	2016
Salaries	\$ 28,684	1,436	1,787	3,223	31,907	102,811
Payroll taxes	2,039	102	127	229	2,268	6,728
Employee benefits	4,100	205	255	460	4,560	12,684
	<u>34,823</u>	<u>1,743</u>	<u>2,169</u>	<u>3,912</u>	<u>38,735</u>	<u>122,223</u>
Operating	36,035	1,117	1,611	2,728	38,763	150,215
Occupancy	2,940	-	-	-	2,940	1,927
Travel and meeting	3,735	123	350	473	4,208	1,288
Miscellaneous	1	125	600	725	726	-
Business	81	1,620	4,030	5,650	5,731	4,210
Contract labor	13,461	1,606	660	2,266	15,727	46,196
	<u>13,461</u>	<u>1,606</u>	<u>660</u>	<u>2,266</u>	<u>15,727</u>	<u>46,196</u>
Total expenses	\$ <u>91,076</u>	<u>6,334</u>	<u>9,420</u>	<u>15,754</u>	<u>106,830</u>	<u>326,059</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, 2017 and 2016
(Unaudited)**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Increase in net assets	\$ 106,817	679,693
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Decrease (increase) in pledges receivable	1,205	(1,004)
Increase in prepaid expenses	(16,476)	(7,295)
Increase in due from affiliate	(20,234)	(2,075)
Increase (decrease) in accounts payable	(48,177)	77,604
Decrease in due to affiliate	-	(1,880)
Net cash provided by operating activities	<u>25,180</u>	<u>745,043</u>
Increase in cash	25,180	745,043
Cash at beginning of year	<u>840,991</u>	<u>95,948</u>
Cash at end of year	<u>\$ 866,171</u>	<u>840,991</u>

EQUALITY FLORIDA ACTION, INC.

Notes to Financial Statements

December 31, 2017 and 2016

(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 and transgender (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, 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

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, 2016, 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 2017 and 2016 was approximately \$73,000 and \$199,000 respectively. Amounts paid by the Organization to EFI in 2017 include prepayments for estimated 2018 shared costs totaling \$22,309. Amounts paid by the Organization to EFI in 2016 include prepayments for estimated 2017 shared costs totaling \$2,075.

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.

The Organization purchases promotional services from a company owned by a board member. Total promotional services purchased from this company were approximately \$23,000 for the year ended December 31, 2017. Amounts due to this company were approximately \$23,000 at December 31, 2017 and are included in accounts payable in the accompanying statements of financial position.

During the year ended December 31, 2016, the Organization received a \$600,000 grant from EFI 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 years ended December 31, 2017 and 2016, the Organization contributed \$25,000 and \$94,000, respectively, to Equality Florida Action PAC, Inc. in support of its activities.

EQUALITY FLORIDA ACTION, INC.

Notes to Financial Statements - Continued (Unaudited)

(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, 2017, the Organization's deposit balances were fully covered by federal deposit insurance.

(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 2017 and 2016 was approximately \$2,900 and \$2,000, 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. were co-borrowers under the line of credit. The agreement matured April 18, 2017 and outstanding borrowings accrued interest at the bank's prime rate plus 1%. The line of credit was secured by all assets of the Organization and of Equality Florida Institute, Inc. There were no outstanding borrowings under the line of credit at December 31, 2016. The line of credit was not renewed when it matured in 2017.

(6) Pulse Night Club Campaign

On June 12, 2017, 49 people were killed and 53 others were wounded in a hate crime inside a LGBT nightclub in Orlando, Florida. The Organization and EFI 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 services expenses in the accompanying 2016 statement of activities and changes in net assets.

(7) Subsequent Events

The Organization has evaluated subsequent events through June 7, 2018, the date the financial statements were available for issuance.