

**EQUALITY FLORIDA ACTION, INC.**

**Financial Statements  
(Unaudited)**

**December 31, 2018 and 2017  
(With Independent Accountant's Review Report Thereon)**

**EQUALITY FLORIDA ACTION, INC.**

**Table of Contents**

	<b><u>Page</u></b>
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 - 12



Mayer Hoffman McCann P.C.

13577 Feather Sound Drive, Suite 400 ■ Clearwater, FL 33762  
Main: 727.572.1400 ■ Fax: 727.571.1933 ■ www.mhmcpa.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, 2018 and 2017, 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, 2018, 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.

#### **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.

July 12, 2019  
Clearwater, Florida

**EQUALITY FLORIDA ACTION, INC.**

**Statements of Financial Position**

**December 31, 2018 and 2017**

**(Unaudited)**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current assets:		
Cash	\$ 769,542	866,171
Pledges receivable, net of allowance for uncollectible pledges of \$160 and \$194 in 2018 and 2017, respectively	2,133	1,224
Prepaid expenses	100	25,000
Due from affiliate, Equality Florida Institute, Inc.	<u>13,998</u>	<u>22,309</u>
Total current assets	<u>785,773</u>	<u>914,704</u>
Total assets	<u>\$ 785,773</u>	<u>914,704</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	<u>\$ 31,227</u>	<u>29,427</u>
Total current liabilities	31,227	29,427
Net assets:		
Without donor restrictions	748,045	884,053
With donor restrictions	<u>6,501</u>	<u>1,224</u>
Total net assets	<u>754,546</u>	<u>885,277</u>
Total liabilities and net assets	<u>\$ 785,773</u>	<u>914,704</u>

**EQUALITY FLORIDA ACTION, INC.**

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

**Year Ended December 31, 2018  
(With Comparative Totals for 2017)  
(Unaudited)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2018</u>	<u>2017</u>
Support and revenue:				
Contributions	\$ 237,774	8,366	246,140	202,704
Program revenue	380	-	380	1,175
Other income (loss)	(2,461)	-	(2,461)	9,768
Net assets released from restrictions	<u>3,089</u>	<u>(3,089)</u>	<u>-</u>	<u>-</u>
Total operating support and revenue	238,782	5,277	244,059	213,647
Operating expenses:				
Program services	348,652	-	348,652	91,076
Supporting services	<u>26,138</u>	<u>-</u>	<u>26,138</u>	<u>15,754</u>
Total operating expenses	<u>374,790</u>	<u>-</u>	<u>374,790</u>	<u>106,830</u>
Increase (decrease) in net assets	(136,008)	5,277	(130,731)	106,817
Net assets, beginning of year	<u>884,053</u>	<u>1,224</u>	<u>885,277</u>	<u>778,460</u>
Net assets, end of year	<u>\$ 748,045</u>	<u>6,501</u>	<u>754,546</u>	<u>885,277</u>

**EQUALITY FLORIDA ACTION, INC.**

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

**Year Ended December 31, 2017**

**(Unaudited)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and revenue:			
Contributions	\$ 202,704	-	202,704
Program revenue	1,175	-	1,175
Other income	9,768	-	9,768
Net assets released from restrictions	1,205	(1,205)	-
Total operating support and revenue	214,852	(1,205)	213,647
Operating expenses:			
Program services	91,076	-	91,076
Supporting services	15,754	-	15,754
Total operating expenses	106,830	-	106,830
Increase (decrease) in net assets	108,022	(1,205)	106,817
Net assets, beginning of year	776,031	2,429	778,460
Net assets, end of year	\$ 884,053	1,224	885,277

**EQUALITY FLORIDA ACTION, INC.**

**Statement of Functional Expenses**

**Year Ended December 31, 2018**  
**(With Comparative Totals for 2017)**  
**(Unaudited)**

	<b>Program Services</b>	<b>Supporting Services</b>			<b>Total</b>	
		<b>Management and General</b>	<b>Development</b>	<b>Total</b>	<b>2018</b>	<b>2017</b>
Salaries	\$ 56,053	2,668	-	2,668	58,721	31,907
Payroll taxes	4,098	203	-	203	4,301	2,268
Employee benefits	9,945	-	-	-	9,945	4,560
	<u>70,096</u>	<u>2,871</u>	<u>-</u>	<u>2,871</u>	<u>72,967</u>	<u>38,735</u>
Operating	176,277	692	1,674	2,366	178,643	38,763
Occupancy	799	-	-	-	799	2,940
Travel and meeting	24,199	3,332	200	3,532	27,731	4,208
Miscellaneous	3,542	1,936	2,596	4,532	8,074	726
Business	-	106	5,983	6,089	6,089	5,731
Contract labor	73,739	5,990	758	6,748	80,487	15,727
	<u>73,739</u>	<u>5,990</u>	<u>758</u>	<u>6,748</u>	<u>80,487</u>	<u>15,727</u>
Total expenses	\$ <u>348,652</u>	<u>14,927</u>	<u>11,211</u>	<u>26,138</u>	<u>374,790</u>	<u>106,830</u>

**EQUALITY FLORIDA ACTION, INC.**

**Statements of Cash Flows**

**Years Ended December 31, 2018 and 2017**  
**(Unaudited)**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (130,731)	106,817
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Decrease (increase) in pledges receivable	(909)	1,205
Decrease in accounts receivable	-	2,045
Decrease (increase) in prepaid expenses	24,900	(16,476)
Increase (decrease) in due from affiliate	8,311	(20,234)
Increase (decrease) in accounts payable	1,800	(48,177)
	<u>(96,629)</u>	<u>25,180</u>
Net cash provided by (used in) operating activities		
	(96,629)	25,180
Increase (decrease) in cash		
	866,171	840,991
Cash at beginning of year		
	<u>866,171</u>	<u>840,991</u>
Cash at end of year	\$ <u>769,542</u>	<u>866,171</u>



# EQUALITY FLORIDA ACTION, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

(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 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, the net assets are reclassified as net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. At December 31, 2018 and 2017, net assets with donor restrictions were restricted for specific programs of the Organization and totaled \$6,501 and \$1,224, 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.

**(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**

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.

**(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.

**EQUALITY FLORIDA ACTION, INC.**

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

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

**(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. 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) New Accounting Pronouncement**

The FASB issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adopted this ASU as of and for the year ended December 31, 2018. As a result, the Organization changed the presentation of its net assets classes and expanded its footnote disclosures as required by the ASU.

**(l) Advertising and Promotion**

Advertising and promotion costs are expensed as incurred.

**(m) 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, 2017, from which the summarized information was derived.

## 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 2018 and 2017 was approximately \$111,000 and \$73,000 respectively. Amounts paid by the Organization to EFI in 2018 include prepayments for estimated 2019 shared costs totaling \$13,998. Amounts paid by the Organization to EFI in 2017 include prepayments for estimated 2018 shared costs totaling \$22,309.

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 \$22,000 for the year ended December 31, 2018. Amounts due to this company were approximately \$23,000 at December 31, 2018 and are included in accounts payable in the accompanying statements of financial position.

In 2018, the Organization paid for lobbying services that were provided by an individual that is a former member of the Board of Directors of the Organization and EFI. The firm this individual was employed by was paid \$15,000 for these services plus an expense reimbursement of \$4,048.

During the years ended December 31, 2018 and 2017, the Organization contributed \$70,000 and \$25,000, respectively, to Equality Florida Action PAC, Inc. in support of its activities.

**EQUALITY FLORIDA ACTION, INC.**

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

**(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 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.

As of December 31, 2018, the Organization's financial assets available to meet cash needs for general expenditures for the next 12 months were as follows:

Financial assets:	
Cash	\$ 769,542
Pledges receivable, net	<u>2,133</u>
Total financial assets	771,675
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>(6,501)</u>
Financial assets available to meet cash needs for general expenditures for the next 12 months	<u>\$ 765,174</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, 2018, the Organization's deposit balances were fully covered by federal deposit insurance.

**EQUALITY FLORIDA ACTION, INC.**

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

**(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 2018 and 2017 was approximately \$800 and \$2,900, respectively.

The cost of these leases is shared with EFI.

**(6) 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.

**(7) Subsequent Events**

The Organization has evaluated subsequent events through July 12, 2019, the date the financial statements were available for issuance.