



**FAMILY EQUALITY**

**Financial Statements  
December 31, 2020  
(With Comparative Totals for 2019)**



**FAMILY EQUALITY**

FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

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# GONZALEZ & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of  
Family Equality  
New York, NY

## Independent Auditors' Report

We have audited the accompanying financial statements of Family Equality (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Equality as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



GONZALEZ, & ASSOCIATES, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
August 26, 2021

## FAMILY EQUALITY

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 1,261,659	\$ 1,129,681
Pledges receivable (Note 6)	192,195	179,338
Accounts receivable	-	6,615
Prepaid expenses	87,718	90,074
Inventory	-	78
Total current assets	1,541,572	1,405,786
<b><u>Property and Equipment</u></b>		
Equipment	150,942	128,097
Less: accumulated depreciation	(74,998)	(64,716)
Total property and equipment	75,944	63,381
<b><u>Other Assets</u></b>		
Security deposits	-	350
Total other assets	-	350
<b><u>Total Assets</u></b>	<b>\$ 1,617,516</b>	<b>\$ 1,469,517</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accrued expenses	\$ 46,968	\$ 106,575
Accrued vacation	47,082	50,006
Notes payable-current portion	-	10,749
Deferred event revenue	132,250	25,000
Total current liabilities	226,300	192,330
<b><u>Net Assets</u></b>		
Without donor restrictions	927,442	955,908
With donor restrictions	463,774	321,279
Total net assets	1,391,216	1,277,187
<b><u>Total Liabilities and Net Assets</u></b>	<b>\$ 1,617,516</b>	<b>\$ 1,469,517</b>

See accompanying notes and Independent Auditors' Report.

## FAMILY EQUALITY

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b><u>Support and Revenue</u></b>				
Grants and contributions	\$ 1,736,446	\$ 646,237	\$ 2,382,683	\$ 3,470,929
Paycheck Protection Program (Note 10)	384,300	-	384,300	-
Released from restriction (Note 8)	503,742	(503,742)	-	-
Special events	223,000	-	223,000	1,053,708
Direct donor benefits	-	-	-	(43,562)
In-kind contributions	389,287	-	389,287	266,205
Interest income	3,038	-	3,038	11,578
Other income	-	-	-	4,300
Sales	22,350	-	22,350	32,512
Total support and revenue	3,262,163	142,495	3,404,658	4,795,670
<b><u>Expenses</u></b>				
Program services	2,458,221	-	2,458,221	3,329,553
Administration	207,024	-	207,024	339,094
Fundraising	625,384	-	625,384	884,966
Total expenses	3,290,629	-	3,290,629	4,553,613
<b><u>Change in Net Assets</u></b>	(28,466)	142,495	114,029	242,057
<b><u>Net Assets - Beginning of Year</u></b>	955,908	321,279	1,277,187	1,035,130
<b><u>Net Assets - End of Year</u></b>	\$ 927,442	\$ 463,774	\$ 1,391,216	\$ 1,277,187

See accompanying notes and Independent Auditors' Report.



## FAMILY EQUALITY

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019	
	Program Services	Administration	Fundraising	Total	Total
Salaries	\$ 1,316,895	\$ 139,353	\$ 330,928	\$ 1,787,176	\$ 1,917,673
Payroll taxes	110,465	11,291	27,737	149,493	162,760
Employee benefits	109,512	12,001	28,503	150,016	166,779
Subtotal	<u>1,536,872</u>	<u>162,645</u>	<u>387,168</u>	<u>2,086,685</u>	<u>2,247,212</u>
Advertising	38,023	-	-	38,023	91,529
Bad debt	1,841	36	3,519	5,396	80,008
Bank and credit card charges	964	35	29,139	30,138	52,222
Board expenses	1,944	14,155	-	16,099	43,714
Communications	14,140	723	5,024	19,887	23,977
Computer and database support	58,457	3,466	13,329	75,252	96,239
Conferences	1,283	11	15	1,309	8,729
Contributions	96,298	186	266	96,750	16,950
COVID related bad debt	592	526	30,428	31,546	-
Depreciation and amortization	19,123	3,266	4,915	27,304	16,731
Dues and fees	4,465	261	17,533	22,259	18,246
Employee activities	3,276	580	830	4,686	15,644
Event expense	15,488	1,911	7,475	24,874	547,597
In-kind event supplies	-	-	4,206	4,206	19,822
Insurance	5,191	920	1,315	7,426	9,528
Interest expense	-	-	-	-	1,441
Marketing	14,765	-	295	15,060	27,304
Miscellaneous	488	45	390	923	97
Payroll fees	4,186	459	1,089	5,734	7,205
Postage and shipping	909	70	1,963	2,942	6,997
Printing and copying	2,088	-	4,393	6,481	40,764
Professional fees	509,092	7,094	70,215	586,401	738,543
Recruitment	39,643	7,002	10,203	56,848	1,954
Rent (Note 5)	14,476	1,916	2,740	19,132	66,488
Repairs and maintenance	-	-	-	-	214
Staff development	5,848	108	250	6,206	10,951
Supplies	4,043	752	1,208	6,003	12,066
Tax expense	-	-	-	-	5,601
Travel	43,841	857	6,592	51,290	312,540
Website and maintenance	20,885	-	20,884	41,769	33,300
Total	<u>\$ 2,458,221</u>	<u>\$ 207,024</u>	<u>\$ 625,384</u>	<u>\$ 3,290,629</u>	<u>\$ 4,553,613</u>

See accompanying notes and Independent Auditors' Report.

## FAMILY EQUALITY

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
<b><u>Cash Flows From Operating Activities</u></b>		
Change in net assets	\$ 114,029	\$ 242,057
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	27,304	16,731
(Increase) decrease in:		
Pledges receivable	(12,857)	(113,185)
Accounts receivable	6,615	8,979
Prepaid expenses	2,356	(12,671)
Inventory	78	3,954
Increase (decrease) in:		
Accrued expenses	(59,607)	8,478
Accrued salaries and benefits	(2,924)	1,180
Deferred event revenue	107,250	(99,598)
	<u>182,244</u>	<u>55,925</u>
<b><u>Net Cash Provided by Operating Activities</u></b>		
<b><u>Cash Flows From Investing Activities</u></b>		
Purchase of equipment	(22,845)	(42,848)
Disposal of equipment	(17,022)	-
Refund of security deposit	350	-
	<u>(39,517)</u>	<u>(42,848)</u>
<b><u>Net Cash (Used) by Investing Activities</u></b>		
<b><u>Cash Flows From Financing Activities</u></b>		
Payments on notes payable	(10,749)	(17,427)
	<u>(10,749)</u>	<u>(17,427)</u>
<b><u>Net Cash (Used) by Financing Activities</u></b>		
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>	131,978	(4,350)
<b><u>Cash and Cash Equivalents - Beginning of Year</u></b>	<u>1,129,681</u>	<u>1,134,031</u>
<b><u>Cash and Cash Equivalents - End of Year</u></b>	<u>\$ 1,261,659</u>	<u>\$ 1,129,681</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest paid	-	\$ 1,441
Disposal of fully depreciated fixed assets	-	\$ 64,444

See accompanying notes and Independent Auditors' Report.

## FAMILY EQUALITY

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

#### **Note 1. Organization**

Family Equality (the Organization) was incorporated in June 1982 under the Nonprofit Corporation Act of the District of Columbia and has been at the forefront of the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) family movement for civil rights and equality for close to 40 years.

Family Equality's mission, is to advance legal and lived equality for LGBTQ families, and for those who wish to form them, through building community, changing hearts and minds, and driving policy change.

Family Equality pursues its mission through the activities of three organizational departments: Policy, Program and Communications with the support of Development and Finance/Operations.

#### **Note 2. Summary of Significant Accounting Policies**

- a. Standards of Accounting and Reporting  
The Organization follows the standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for "Not-for-Profit Organizations".
- b. Basis of Presentation  
The financial statements of Family Equality have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require Family Equality to report information regarding its financial position and activities according to the following net asset classifications:

##### Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Family Equality's management and the board of directors.

##### Net assets with donor restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Family Equality or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.



## FAMILY EQUALITY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

- c. Use of Estimates  
The presentation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- d. Property and Equipment  
These assets are stated at cost, when purchased, or if donated, at their estimated fair value at date of donation. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repair, maintenance and betterments that materially prolong the useful lives of assets are capitalized.
- e. Cash and Cash Equivalents  
For purposes of the statement of cash flows, Family Equality considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- f. Inventory  
The inventory consists of merchandise and marketing materials which were either bought or published by the Organization for programmatic purposes and are stated at cost.
- g. Depreciation  
Provisions for depreciation are made in the accounts using the straight-line method over the estimated useful life of the asset. The estimated useful life of the equipment ranges from 3-5 years.
- h. Promises To Give  
Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.
- i. Deferred Event Revenue  
Payments received by the Organization for event sponsorships, ticket purchases and event registrations for an event that takes place in the following fiscal year are considered deferred revenue due to the possibility of an event being cancelled for reasons out of the Organization's control.

Payments received are treated as deferred revenue (i.e. a liability) until the fiscal year in which the event is being held, at which time the payments are reclassified to revenue.

## FAMILY EQUALITY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

- j. Functional Expenses  
The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, depreciation and amortization, as well as salaries, employee benefits, payroll taxes, professional fees, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.
- k. Contributions  
Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.
- l. Donated Goods and Services  
In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

For the year ended December 31, 2020, in-kind contributions were recorded as follows:

Consulting	\$ 184,668
Legal Services	158,644
Website development and design	41,769
Event supplies	<u>4,206</u>
Total In-Kind Contributions	<u>\$ 389,287</u>

- m. Summarized Comparative Financial Statements  
The financial statements include certain prior year summarized comparative financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.



**FAMILY EQUALITY**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

- j. Functional Expenses  
The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, depreciation and amortization, as well as salaries, employee benefits, payroll taxes, professional fees, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.
  
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In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

For the year ended December 31, 2020, in-kind contributions were recorded as follows:

Consulting	\$ 184,668
Legal Services	158,644
Website development and design	41,769
Event supplies	4,206
Total In-Kind Contributions	<u>\$ 389,287</u>

- m. Summarized Comparative Financial Statements  
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## FAMILY EQUALITY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(Continued)

### **Note 3. Tax Status**

Family Equality is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

### **Note 4. Concentrations of Credit Risk**

The Organization maintains its cash balances in three financial institutions. The financial institutions' balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2020 the Organization's uninsured cash balances at the financial institutions totaled \$913,209. Management believes it is not exposed to any significant credit risks on its cash balances.

### **Note 5. Leases**

Family Equality leases the following office space:

- In New York as a tenant-at-will. Payments of \$2,000 are due monthly. Total costs were \$10,000 in 2020.
- In Washington, DC, as a tenant-at-will. Payments of \$500 are due monthly. Total costs including occasional cubicle rentals were \$3,660 in 2020.
- Rent was paid for storage units on a monthly basis for a total of \$5,472 in 2020.

Rent expense for the year ended December 31, 2020 totaled \$19,132.

### **Note 6. Pledges Receivable**

Pledges receivable as of December 31, 2020 are due to be collected in 2021.

### **Note 7. Line of Credit**

The Organization opened a Line of Credit agreement with First Republic Bank. The agreement states that the Organization can borrow up to \$250,000 at a variable interest rate of no less than 3% and up to .25% below the U.S. Prime Rate as published by the Wall Street Journal. There was no borrowing activity on this line of credit in 2020. As a condition of opening the line of credit with First Republic Bank, the organization agreed to close the Line of Credit with City National Bank. This closure was completed in 2021; with no borrowing activity having occurred in 2021.



## FAMILY EQUALITY

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

#### **Note 8. Net Assets**

Net assets with donor restrictions were as follows as of December 31, 2020 and 2019:

	2020	2019
Specific Purpose		
Storytelling Project	\$ 215,923	\$ 100,186
Family Week	29,042	-
Surrogacy Support	15,000	10,000
Jay Deratany ECDF Funds	11,614	25,000
Religious Exemptions	-	10,000
Board Travel	-	140
Passage of Time		
Contributions receivable	192,195	175,953
Total	\$ 463,774	\$ 321,279

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2020 and 2019:

	2020	2019
Satisfaction of Purpose Restrictions		
Gill Foundation	\$ 209,263	\$ 199,814
Family Week	-	105
Surrogacy Support	95,000	-
Jay Deratany ECDF Funds	13,386	-
Religious Exemptions	10,000	-
Board Travel	140	-
Technical Assistance	-	7,176
Mini Grant Program	-	750
Satisfaction of Time Restrictions		
Contributions receivable	175,953	80,085
Time restricted	-	12,570
Total	\$ 503,742	\$ 300,500

## FAMILY EQUALITY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(Continued)

**Note 9. Available Resources and Liquidity**

The following represents Family Equality's financial assets as of December 31, 2020 and 2019:

Financial assets at year-end:	2020	2019
Cash and cash equivalents	\$ 1,261,659	\$ 1,129,681
Pledges receivable	192,195	179,338
Accounts receivable	-	6,615
Financial assets available to meet general expenditures over the next twelve months	\$ 1,453,854	\$ 1,315,634

Family Equality's goal is generally to maintain financial assets to meet 90 days of operating expenses. In addition, Family Equality has a \$250,000 line of credit available to meet cash flow needs.

In addition to 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.

**Note 10. Paycheck Protection Program:**

In light of the COVID-19 pandemic, Family Equality received loan proceeds from First Republic Bank under the "CARES Act" totaling \$384,300. Management applied for forgiveness before December 31, 2020 and it was granted in February 2021.

The proceeds are recorded in the financial statements as restricted revenue.

**Note 11. Subsequent Events**

Subsequent events were evaluated through August 26, 2021, which is the date the financial statements were available to be issued.

COVID-19: On March 13, 2020, the President of the United States declared a national emergency due to the COVID-19 pandemic. As is the case with millions of organizations nationally, this has affected all aspects of the Organization's normal operations. In response, Family Equality reduced its 2020 operating budget significantly to match adjusted revenue expectations. As of the date the financial statements were available to be issued, Family Equality anticipates that its operations for the year ending December 31, 2021 will not significantly increase or decrease its total net assets.