



FAMILY EQUALITY

**Financial Statements
December 31, 2021
(With Comparative Totals for 2020)**



FAMILY EQUALITY

FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

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

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of Family Equality, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family Equality and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Family Equality's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

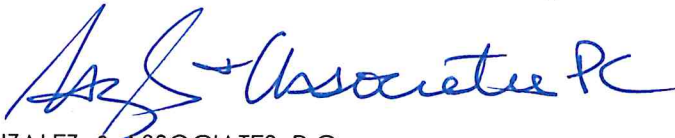
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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 Family Equality'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 Family Equality'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.



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

Stoughton, Massachusetts
June 7, 2022

FAMILY EQUALITY

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

ASSETS

	<u>2021</u>	<u>2020</u>
<u>Current Assets</u>		
Cash and cash equivalents	\$ 1,061,339	\$ 1,261,659
Pledges receivable	231,492	192,195
Accounts receivable	226,866	-
Prepaid expenses	87,904	87,718
Total current assets	<u>1,607,601</u>	<u>1,541,572</u>
<u>Property and Equipment</u>		
Equipment	150,942	150,942
Less: accumulated depreciation	(100,543)	(74,998)
Total property and equipment	<u>50,399</u>	<u>75,944</u>
<u>Total Assets</u>	<u>\$ 1,658,000</u>	<u>\$ 1,617,516</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accrued expenses	\$ 128,036	\$ 46,968
Accrued salaries and benefits	98,170	47,082
Deferred event revenue	-	132,250
Total current liabilities	<u>226,206</u>	<u>226,300</u>
<u>Net Assets</u>		
Without donor restrictions	1,145,905	927,442
With donor restrictions	285,889	463,774
Total net assets	<u>1,431,794</u>	<u>1,391,216</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 1,658,000</u>	<u>\$ 1,617,516</u>

See accompanying notes and Independent Auditors' Report.

FAMILY EQUALITY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Support and Revenue</u>				
Grants and contributions	\$ 1,734,238	\$ 307,392	\$ 2,041,630	\$ 2,382,683
Released from restriction (Note 6)	485,277	(485,277)	-	-
Paycheck Protection Program (Note 7)	361,700	-	361,700	384,300
ERTC Credit	300,000	-	300,000	-
Special events	159,275	-	159,275	223,000
In-kind contributions	187,359	-	187,359	389,287
Interest income	42	-	42	3,038
Honorarium income	11,911	-	11,911	-
Sales (less cost of goods)	21,449	-	21,449	22,350
Total support and revenue	3,261,251	(177,885)	3,083,366	3,404,658
<u>Expenses</u>				
Program services	2,080,391	-	2,080,391	2,458,221
Administration	309,962	-	309,962	207,024
Fundraising	652,435	-	652,435	625,384
Total expenses	3,042,788	-	3,042,788	3,290,629
<u>Change in Net Assets</u>	218,463	(177,885)	40,578	114,029
<u>Net Assets - Beginning of Year</u>	927,442	463,774	1,391,216	1,277,187
<u>Net Assets - End of Year</u>	\$ 1,145,905	\$ 285,889	\$ 1,431,794	\$ 1,391,216

See accompanying notes and Independent Auditors' Report.

FAMILY EQUALITY

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020	
	Program Services	Administration	Fundraising	Total	Total
Salaries	\$ 1,064,633	\$ 189,666	\$ 369,745	\$ 1,624,044	\$ 1,787,176
Payroll taxes	89,855	14,976	31,313	136,144	149,493
Employee benefits	99,428	16,617	34,652	150,697	150,016
Subtotal	<u>1,253,916</u>	<u>221,259</u>	<u>435,710</u>	<u>1,910,885</u>	<u>2,086,685</u>
Advertising	22,500	-	3,987	26,487	38,023
Bad debt	-	22	2,041	2,063	5,396
Bank and credit card charges	951	21	32,452	33,424	30,138
Board expenses	-	1,900	-	1,900	16,099
Communications	9,694	811	5,781	16,286	19,887
Computer and database support	66,747	6,664	16,273	89,684	75,252
Conferences	1,134	83	87	1,304	1,309
Contributions	12,576	691	7,093	20,360	96,750
COVID related bad debt	-	-	-	-	31,546
Depreciation	15,901	4,722	4,922	25,545	27,304
Dues and fees	4,843	2,781	4,641	12,265	22,259
Employee activities	4,927	1,409	1,468	7,804	4,686
Event expense	37,342	62	30,262	67,666	24,874
In-kind event supplies	-	-	-	-	4,206
Insurance	6,485	1,633	2,037	10,155	7,426
Marketing	5,642	25	26	5,693	15,060
Meetings	63	18	19	100	-
Miscellaneous	8,474	2,396	12,285	23,155	923
Payroll fees	3,183	485	1,106	4,774	5,734
Postage and shipping	1,015	253	3,168	4,436	2,942
Printing and copying	3,676	-	2,688	6,364	6,481
Professional fees	411,988	51,583	37,916	501,487	586,401
Recruitment	13,563	3,681	4,984	22,228	56,848
Rent	11,400	1,500	2,100	15,000	19,132
Special Project (Note 8)	100,000	-	-	100,000	-
Staff development	11,449	2,485	6,901	20,835	6,206
Storage fees	3,406	1,012	1,054	5,472	-
Supplies	5,814	359	3,292	9,465	6,003
Travel	56,757	4,107	23,197	84,061	51,290
Website and maintenance	6,945	-	6,945	13,890	41,769
Total	<u>\$ 2,080,391</u>	<u>\$ 309,962</u>	<u>\$ 652,435</u>	<u>\$ 3,042,788</u>	<u>\$ 3,290,629</u>

See accompanying notes and Independent Auditors' Report.

FAMILY EQUALITY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 40,578	\$ 114,029
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	25,545	27,304
(Increase) decrease in:		
Pledges receivable	(39,297)	(12,857)
Accounts receivable	(226,866)	6,615
Prepaid expenses	(186)	2,356
Inventory	-	78
Increase (decrease) in:		
Accrued expenses	81,068	(59,607)
Accrued salaries and benefits	51,088	(2,924)
Deferred event revenue	(132,250)	107,250
	<u>(200,320)</u>	<u>182,244</u>
<u>Net Cash (Used) Provided by Operating Activities</u>		
<u>Cash Flows From Investing Activities</u>		
Purchase of equipment	-	(22,845)
Disposal of equipment	-	(17,022)
Refund of security deposit	-	350
	<u>-</u>	<u>(39,517)</u>
<u>Net Cash (Used) by Investing Activities</u>		
<u>Cash Flows From Financing Activities</u>		
Payments on notes payable	-	(10,749)
	<u>-</u>	<u>(10,749)</u>
<u>Net Cash (Used) by Financing Activities</u>		
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	(200,320)	131,978
<u>Cash and Cash Equivalents - Beginning of Year</u>	1,261,659	1,129,681
<u>Cash and Cash Equivalents - End of Year</u>	\$ 1,061,339	\$ 1,261,659

See accompanying notes and Independent Auditors' Report.



FAMILY EQUALITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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.
- 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.



FAMILY EQUALITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

- 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. 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.
- g. Pledges 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.
- h. 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 canceled 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.
- i. 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, insurance, and other, which are allocated on the basis of estimates of time and effort.

FAMILY EQUALITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

- j. 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.
- k. 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, 2021, in-kind contributions were recorded as follows:

Legal services	\$ 152,562
Rent	15,000
Website development and design	13,890
Event support	<u>5,907</u>
Total In-Kind Contributions	<u>\$ 187,359</u>

- l. 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, 2020, from which the summarized information was derived.

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).

FAMILY EQUALITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 (Continued)

Note 4. Concentrations of Credit Risk

The Organization maintains its cash balances in two financial institutions. The financial institutions' balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2021 the Organization's uninsured cash balances at the financial institutions totaled \$755,716. Management believes it is not exposed to any significant credit risks on its cash balances.

Note 5. Line of Credit

The Organization entered into a Line of Credit Agreement with First Republic Bank on January 8, 2021. The agreement provides for a \$250,000 line of credit. Borrowings incur interest at a variable rate of .25% below the U.S. Prime Rate, as published by the Wall Street Journal, but not less than 3.00%. There was no activity on this line of credit in 2021.

Note 6. Net Assets

Net assets with donor restrictions were as follows as of December 31, 2021 and 2020:

	2021	2020
Specific Purpose		
Gill Foundation	\$ 3,741	\$ 215,923
Family Week	29,042	29,042
Surrogacy Support	10,000	15,000
Jay Deratany ECDF Funds	11,614	11,614
Passage of Time		
Contributions receivable	231,492	192,195
Total	\$ 285,889	\$ 463,774

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, 2021 and 2020:

	2021	2020
Satisfaction of Purpose Restrictions		
Gill Foundation	\$ 287,182	\$ 209,263
Family Week	-	-
Surrogacy Support	5,000	95,000
Jay Deratany ECDF Funds	-	13,386
Religious Exemptions	-	10,000
Board Travel	-	140
CEO Media Training	900	-
Satisfaction of Time Restrictions		
Contributions receivable	192,195	175,953
Total	\$ 485,277	\$ 503,742



FAMILY EQUALITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 (Continued)

Note 7. Paycheck Protection Program

In light of the COVID-19 pandemic, Family Equality received federally backed Small Business Administration loan proceeds from First Republic Bank under the "CARES Act", a federal COVID19 relief program that provided a forgivable loan for qualified expenses. The loan of \$361,700 was funded on February 17, 2021. Management applied for forgiveness in January 2022, and forgiveness was granted in February 2022.

Note 8. Special Project

Family Equality supplied HRC Action with \$100,000 in 501(C)(4) dollars to influence federal legislation favorable to Family Equality's mission. This payment, along with normal annual lobbying expenditures of \$12,389, were well below the upper threshold provided by the Organization's H election, calculated for 2021 at approximately \$300,000.

Note 9. Employee Retention Tax Credit

In 2021, Family Equality applied for \$300,000 of available statute-provided credits related to COVID-19 relief. \$73,143 of these funds were received by the end of 2021, with the remainder of \$226,866 expected to be received in 2022.

Note 10. Subsequent Events

Subsequent events were evaluated through June 7, 2022, which is the date the financial statements were available to be issued.

1. The key subsequent event is the forgiveness of the 2021 PPP loan of \$361,700 in February 2022.
2. Distribution as of June 7, 2022 of \$45,984 of the expected remaining \$226,866 2021 Employee Retention Tax Credit noted above, leaving an open balance of \$180,882.

June 7, 2022

To the Board of Directors
Family Equality
475 Park Avenue South, Suite 2100
New York, NY 10016

We have audited the financial statements of Family Equality for the year ended December 31, 2021 and have issued our report thereon dated June 7, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 7, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Family Equality are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the allocation of salaries and related expenses.

Management's estimate of the allocation of salaries and related expenses is based on job assignments and time studies. We evaluated the key factors and assumptions used to develop the allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 7, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the board of directors and management of Family Equality and is not intended to be and should not be used by anyone other than these specified parties.



GONZALEZ & ASSOCIATES, P.C.
Certified Public Accountants

STOUGHTON, MA
June 7, 2022