EQUALITY CALIFORNIA

AUDITED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

EQUALITY CALIFORNIA

CONTENTS

Rossi LLP rossillp.com
Certified Public Accountants
Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Equality California
Los Angeles, California

Report on the financial statements

We have audited the accompanying financial statements of Equality California (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's 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 Equality California as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Rossi LLP

Long Beach, California
October 6, 2020

EQUALITY CALIFORNIA
STATEMENTS OF FINANCIAL POSITION

As of December 31,	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 197,124	$ 99,463
Pledges receivable	38,150	36,363
Due from Equality California Institute	273,828	595,917
Prepaid expenses and other current assets	21,992	33,879
Total current assets	531,094	765,622
Long-term assets:		
Property and equipment, net	45,870	46,087
Total assets	$ 576,964	$ 811,709
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 8,610	$ 658
Accrued expenses and other current liabilities	116,922	158,901
Total current liabilities	125,532	159,559
Net assets:		
Without donor restrictions	451,432	594,492
With donor restrictions	-	57,658
Total net assets	451,432	652,150
Total liabilities and net assets	$ 576,964	$ 811,709

The accompanying notes are an integral part of these financial statements

EQUALITY CALIFORNIA
STATEMENTS OF ACTIVITIES

For the year ended December 31, 2019	**Without donor restrictions**	**With donor restictions**	**Total**
Public support and revenue:			
Public support:			
Individual and other contributions	$ 532,123	$ -	$ 532,123
Grants from Equality California Institute	250,000	-	250,000
In-kind donations	2,021,127	-	2,021,127
Special events revenue	2,264,889	-	2,264,889
Total public support	5,068,139	-	5,068,139
Net assets released from restriction:			
Satisfaction of purpose / time restrictions	57,658	(57,658)	-
Total public support and revenue	5,125,797	(57,658)	5,068,139
Expenses:			
Program services	3,070,820	-	3,070,820
Costs of direct benefits to donors	935,980	-	935,980
Supporting services			
Management and general	373,212	-	373,212
Fundraising	888,845	-	888,845
Total expenses	5,268,857	-	5,268,857
Change in net assets	(143,060)	(57,658)	(200,718)
Net assets, beginning of year	594,492	57,658	652,150
Net assets, end of year	$ 451,432	$ -	$ 451,432

The accompanying notes are an integral part of these financial statements

EQUALITY CALIFORNIA
STATEMENTS OF ACTIVITIES - CONTINUED

For the year ended December 31, 2018	Without donor restrictions	With donor restictions	Total
Public support and revenue:			
Public support:			
Individual and other contributions	$ 1,097,516	$ 93,150	$ 1,190,666
Grants from Equality California Institute	240,000	-	240,000
In-kind donations	1,383,880	43,320	1,427,200
Special events revenue	1,428,963	-	1,428,963
Total public support	4,150,359	136,470	4,286,829
Net assets released from restriction:			
Satisfaction of purpose / time restrictions	120,641	(120,641)	-
Total public support and revenue	4,271,000	15,829	4,286,829
Expenses:			
Program services	2,790,414	-	2,790,414
Costs of direct benefits to donors	741,209	-	741,209
Supporting services			
Management and general	351,409	-	351,409
Fundraising	465,353	-	465,353
Total expenses	4,348,385	-	4,348,385
Change in net assets	(77,385)	15,829	(61,556)
Net assets, beginning of year	671,877	41,829	713,706
Net assets, end of year	$ 594,492	$ 57,658	$ 652,150

The accompanying notes are an integral part of these financial statements

EQUALITY CALIFORNIA
STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended December 31,	2019					2018				
		Supporting services					Supporting services			
	Program services	Management and general	Fundraising	Supporting services subtotal	Total expenses	Program services	Management and general	Fundraising	Supporting services subtotal	Total expenses
Salaries	$ 599,511	$ 184,134	$ 412,345	$ 596,479	$ 1,195,990	$ 593,434	$ 166,045	$ 235,636	$ 401,681	$ 995,115
Payroll taxes	52,243	7,634	38,637	46,271	98,514	50,785	6,681	24,707	31,388	82,173
Employee benefits	49,462	-	43,630	43,630	93,092	51,139	5,763	25,257	31,020	82,159
Total personnel expenses	701,216	191,768	494,612	686,380	1,387,596	695,358	178,489	285,600	464,089	1,159,447
Legal	1,540,642	1,500	-	1,500	1,542,142	1,228,170	12,422	-	12,422	1,240,592
Communications	357,170	-	175,891	175,891	533,061	117,109	-	322	322	117,431
Professional and outside services	174,985	5,891	35,080	40,971	215,956	237,132	8,142	24,097	32,239	269,371
Travel and entertainment	75,718	5,858	65,212	71,070	146,788	54,408	15,267	52,779	68,046	122,454
Office expenses and supplies	48,067	54,932	27,687	82,619	130,686	40,574	9,602	13,239	22,841	63,415
Rent - building and equipment	52,389	5,593	42,160	47,753	100,142	59,772	34,641	29,800	64,441	124,213
Conferences and meetings	64,237	-	-	-	64,237	1,425	-	-	-	1,425
Bank charges and merchant fees	18,933	6,692	16,323	23,015	41,948	19,065	5,185	9,045	14,230	33,295
Accounting and audit	-	39,978	-	39,978	39,978	-	34,179	-	34,179	34,179
Recruitment and training	368	22,702	5,937	28,639	29,007	1,129	13,064	976	14,040	15,169
Printing and production	10,112	1,979	12,474	14,453	24,565	308,047	3,005	36,968	39,973	348,020
Insurance	10,163	1,684	7,451	9,135	19,298	7,822	4,524	4,040	8,564	16,386
Depreciation and amortization	-	16,991	-	16,991	16,991	-	14,368	-	14,368	14,368
Taxes and licenses	-	11,746	-	11,746	11,746	1,341	7,614	-	7,614	8,955
Miscellaneous	6,409	919	2,275	3,194	9,603	500	8,742	-	8,742	9,242
Postage and shipping	2,566	3,654	2,556	6,210	8,776	8,406	1,755	5,760	7,515	15,921
Dues and subscriptions	5,178	1,325	1,187	2,512	7,690	4,189	-	920	920	5,109
Polling and research	2,667	-	-	-	2,667	2,500	-	-	-	2,500
Repairs and maintenance	-	-	-	-	-	3,467	410	1,807	2,217	5,684
Total expenses	$ 3,070,820	$ 373,212	$ 888,845	$ 1,262,057	$ 4,332,877	$ 2,790,414	$ 351,409	$ 465,353	$ 816,762	$ 3,607,176

The accompanying notes are an integral part of these financial statements

EQUALITY CALIFORNIA
STATEMENTS OF CASH FLOWS

For the years ended December 31,	2019	2018
Cash flows from operating activities:		
Change in net assets	$ (200,718)	$ (61,556)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	16,991	14,368
(Increase) decrease in assets:		
Pledges receivable	(1,787)	(29,488)
Due from Equality California Institute	322,089	(13,470)
Prepaid expenses and other current assets	11,887	36,371
Increase (decrease) in liabilities:		
Accounts payable	7,952	(44,191)
Accrued expenses and other current liabilities	(41,979)	111,280
Net cash provided by operating activities	114,435	13,314
Cash flows from investing activities:		
Acquisition of property and equipment	(16,774)	(4,762)
Net cash used in investing activities	(16,774)	(4,762)
Net increase in cash and cash equivalents	97,661	8,552
Cash and cash equivalents, beginning of year	99,463	90,911
Cash and cash equivalents, end of year	$ 197,124	$ 99,463
Supplemental cash flow information:		
Recognition of in-kind contributions and related assets and expenses	$ 2,021,127	$ 1,427,200

The accompanying notes are an integral part of these financial statements

As of and for the years ended December 31, 2019 and 2018

NOTE 1: NATURE OF ORGANIZATION AND ACTIVITIES

Equality California is made up of two separate organizations working together to advance civil rights and social justice, which form the nation's largest statewide lesbian, gay, bisexual, transgender and queer ("LGBTQ") civil rights organization. Equality California brings the voices of LGBTQ people and allies to institutions of power in California and across the United States, striving to create a world that is healthy, just, and fully equal for all LGBTQ people. Equality California advances civil rights and social justice by inspiring, advocating, and mobilizing through an inclusive movement that works tirelessly on behalf of those we serve.

Equality California is comprised of Equality California (the "Organization") and Equality California Institute (the "Institute"). The Organization is an I.R.C. 501(c)(4) organization that utilizes electoral, advocacy, and mobilization programs to achieve its mission. The Organization also manages multiple affiliated political action committees. The Institute is an I.R.C. 501 (c)(3) organization that utilizes advocacy, education, and mobilization programs to achieve its mission. The Organization and the Institute share a common mission and executive director but have separate governing boards.

Since 2000, Equality California has had an extensive legislative program in the California Legislature that has helped to win passage of more than 150 laws that improve the lives of LGBTQ people. The Organization's legislative work has helped give California the most comprehensive LGBTQ civil rights protections of any state in the nation. The Organization has sponsored legislation end "panic" defenses in court, where a victim's sexual orientation or gender identity was used to justify violence, to advance racial justice and mandate LGBTQ cultural competency training for law enforcement, to require that death certificates and state identification documents for transgender Californians accurately reflect their authentic identities, to require that the language of California's marriage documents be updated to make sure they respect and include same-sex couples, to modernize birth certificates to accurately reflect LGBTQ parents, and more. The Organization also engages in governmental budget advocacy at the federal and state levels to make sure that government resources reach LGBTQ people in need.

Equality California has staff in Los Angeles, Sacramento, the San Francisco Bay Area, Las Vegas, and Washington, DC. Equality California is exempt from federal and California income taxes under the provisions of Section 501(c)(4) of the Internal Revenue Code and Section 23701(f) of the California Revenue and Taxation Code.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting:

The Organization's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Financial Accounting Standards Board ("FASB") has established the FASB Accounting Standards Codification ("ASC") as the sole source of authoritative accounting to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of accounting:

In preparing these financial statements, the Organization evaluated the period January 1, 2020 through October 6, 2020, the date that the financial statements were available to be issued, for subsequent events requiring recognition or disclosure in the accompanying financial statements and notes to the financial statements.

Use of estimates:

The preparation 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 disclosure 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 these estimates and assumptions.

Net assets:

In accordance with ASC 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*, the Organization's net assets, revenues, gains, expenses and losses are classified as with donor restrictions and without donor restrictions, as follows:

- *Net assets without donor restrictions* – Net assets available for use at the discretion of the Board of Directors (the "Board") and/or management for general operations and not subject to donor restrictions.

- *Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose for which the resource was restricted has been accomplished, or both.

See Note 7 for more information on the composition of net assets with donor restrictions and the release of restrictions.

Revenue and support recognition:

In accordance with ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*, unconditional promises to give are recognized as contributions when the underlying promises are received by the Organization. Unconditional promises to give, gifts of cash and other assets are reported as contribution revenue without donor restrictions or revenues with donor restrictions. When a donor 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 statements of activities as net assets released from restrictions.

As of and for the years ended December 31, 2019 and 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributed goods and services:

In accordance with ASC 958-605, contributions of donated noncash assets, free use of facilities and services are recorded at their estimated fair values in the period received. Contributed services are recognized if the 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 provided by donation.

During the years ended December 31, 2019 and 2018, the values of contributed services included as in-kind donations in the accompanying financial statements were $1,872,003 and $1,363,880, respectively. The in-kind services consisted primarily of pro bono legal services.

During the years ended December 31, 2019 and 2018 the value of contributed goods included as in-kind donations which were related to special events and travel in the accompanying financial statements were $149,124 and $73,320, respectively.

Cash and cash equivalents:

Cash and cash equivalents consist primarily of cash and money market funds. Management considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Property and equipment:

Property and equipment acquired is recorded at cost. Donated property and equipment are recorded at estimated fair market value at the date of donation. Property and equipment, which is donated or acquired with resources restricted for such acquisition, are considered to be unrestricted when placed into service. Depreciation and amortization is recorded using the straight-line method over the assets' estimated useful lives ranging from five to seven years.

Income taxes:

The Organization is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code and is exempt from state franchise taxes under Section 23701(d) of the California Revenue and Taxation Code, whereby only unrelated business income as defined by Section 509(a)(1) of the Internal Revenue Code, is subject to federal income tax. The Organization does not believe that during the years ended December 31, 2019 and 2018, it had any unrelated business taxable income and accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income taxes:

The Organization follows the provisions of FASB ASC 740-10, *Income Taxes* and subsections. Accordingly, the Organization accounts for uncertain tax positions by recording a liability for unrecognized tax benefits resulting from uncertain tax positions taken, or expected to be taken, in its tax returns. The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by the appropriate taxing authorities. The Organization does not believe that its tax-exempt income tax filings include any uncertain tax positions and accordingly, has not recognized any liability for unrecognized tax benefits in the accompanying financial statements.

Concentration of credit risk:

Financial instruments which potentially subject the Organization to a concentration of credit risk consist primarily of cash, cash equivalents and receivables. The Organization maintains its cash balances in the form of demand deposits and money market accounts with a major financial institution that management has determined to be credit worthy. The Organization has no significant financial instrument with off-balance sheet risk of accounting loss.

Functional allocation of expenses:

The costs of providing the various program services and other activities of the Organization are shown on the statement of functional expenses. Expenses that can be identified with a specific activity are allocated directly according to their functional benefit. Personnel related expense allocations are based on the staff time spent on each function. Expenses that cannot be directly identified with a specific function are allocated among program services and the other activities benefited. Certain costs such as occupancy, office and other expenses are allocated among the program services and other activities benefited based on full time equivalents.

Fair value of financial instruments:

The carrying amount of cash and cash equivalents, pledges receivable, prepaid expenses and other current assets, amounts due to or from related parties, accounts payable and accrued expenses and other current liabilities are stated at fair value which approximates historical cost.

Advertising expenses:

Equality California incurred non-direct response advertising costs that were expensed during the years ended December 31, 2019 and 2018. The total advertising costs of $86,169 and $119,931, respectively, were charged to program expenses as they directly promote programs and education events provided to the community the Organization serves.

New accounting standards adopted:

In June 2018, the FASB issued Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 requires that an entity determine whether a contribution is

New accounting standards adopted:

conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. After a contribution has been deemed unconditional, an entity would then consider whether the contribution is restricted on the basis of the current definition of the term *donor-imposed restriction*, which includes a consideration of how broad or narrow the purpose of the agreement is, and whether the resources are available for use only after a specified date. Effective as of January 1, 2019, the Organization adopted the requirement of ASU 2018-08. There was no material impact to the financial statements as result of the adoption of ASU 2018-08. Accordingly, no adjustment to opening net assets was recorded.

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. Effective as of January 1, 2019, the Organization adopted the requirement of ASU 2014-09. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

New accounting standards not yet adopted:

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on its financial statements.

As of and for the years ended December 31, 2019 and 2018

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed purpose restrictions within one year of the balance sheet date. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet dates, are comprised of the following:

As of December 31,	**2019**	**2018**
Financial assets at year-end:		
Cash and cash equivalents	$ 197,124	$ 99,463
Pledges receivable	38,150	36,363
Due from Equality California Institute	273,828	595,917
Less those unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions for specified purposes	-	(50,938)
Financial assets available to meet cash needs for general expenditures within one year	$ 509,102	$ 680,805

At December 31, 2019 and 2018, the Organization had $509,102 and $680,805, respectively, of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization reviews its funding level on an on-going basis to ensure they are adequate.

Subsequent to December 31, 2019, the Organization received a Paycheck Protection Program Loan ("PPP") and an Economic Injury Disaster Loan ("EIDL") of $262,900 and $500,000, respectively. These transactions significantly increased the liquidity of the Organization. See Note 10.

NOTE 4: PLEDGES RECEIVABLE

Pledges receivable at December 31, 2019 and 2018 consist of unconditional promises to give by certain donors totaled $38,150 and $36,363, respectively. Pledges receivable were due within one year and were collected subsequent to year-end.

There was no bad debt expense recorded by the Organization during the years ended December 31, 2019 and 2018.

As of and for the years ended December 31, 2019 and 2018

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

As of December 31,	2019	2018
Computer, software and equipment	$ 50,623	$ 138,244
Furniture and fixtures	40,007	36,897
Leasehold improvements	-	33,840
Subtotal	90,630	208,981
Less: accumulated depreciation	(44,760)	(162,894)
Property and equipment, net	$ 45,870	$ 46,087

Depreciation and amortization expenses for the years ended December 31, 2019 and 2018 were $16,991 and $14,368, respectively.

NOTE 6: RELATED PARTY TRANSACTIONS

The Organization shares personnel, office space and various overhead costs with the Institute. The Organization generally allocates costs based on the time spent by personnel and other reasonable methods of allocation. The impact on either organization's viability should the costs not be shared has not been determined.

The Organization invoiced the Institute for the following shared expenses:

For the years ended December 31,	2019	2018
Salaries, payroll taxes and benefits	$ 889,015	$ 1,051,751
Direct special events expense	282,836	275,611
Other expenses	186,459	419,779
Travel and entertainment	28,946	59,960
Office expenses and supplies	17,770	38,443
Total	$ 1,405,026	$ 1,845,544

The Institute invoiced the Organization for the following shared expenses:

For the years ended December 31,	2019	2018
Salaries payroll taxes and benefits	$ 65,894	$ -

The Organization received grants from the Institute for $250,000 and $240,000 during the years ended December 31, 2019 and 2018, respectively.

The Organization had a remaining receivable from the Institute of $273,828 and $595,917 at December 31, 2019 and 2018, respectively, for allocated expenses invoiced and grant revenue.

As of and for the years ended December 31, 2019 and 2018

NOTE 7: RESTRICTIONS ON NET ASSETS

From time to time, the Organization receives contributions subject to donor restrictions. Those contributions received with restrictions are released from restrictions when expenses are incurred, or the purpose has been fulfilled, or through passage of time. At December 31, 2019 and 2018, the net assets subject to donor restrictions were $0 and $57,658, respectively.

At December 31, 2019 and 2018, net assets with restrictions were as follows:

As of December 31,	**2019**	**2018**
Subject to expenditure for specified purposes:		
Nevada Silver State Equality Program	$ -	$ 26,181
Public Advocacy	-	24,757
Subtotal	-	50,938
Subject to passage of time:		
Wine	-	6,720
Subtotal	-	6,720
Total	$ -	$ 57,658

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors during the years ended December 31, 2019 and 2018 are as follows:

For the years ended December 31,	**2019**	**2018**
Purpose restrictions accomplished:		
Voter Outreach	$ -	$ 50,000
Nevada Silver State Equality Program	26,181	16,969
Public Advocacy	24,757	
Subtotal	50,938	66,969
Time restriction expired:		
Wine	6,720	53,672
Subtotal	6,720	53,672
Total	$ 57,658	$ 120,641

As of and for the years ended December 31, 2019 and 2018

NOTE 8: COMMITMENTS AND CONTINGENCIES

Leases:

Effective May 1, 2017, the Organization entered into a sixty (60) month noncancelable operating lease for its Los Angeles headquarters. This lease was $8,812 as of May 2017, with an annual escalation clause of 3%. The lease also provided for certain rent concessions to the Organization.

The Organization also leases an office in Sacramento under the terms of an operating lease agreement effective through March 31, 2022, with monthly lease payments of $1,250 through March 31, 2019, increasing to $1,425 from April 1, 2019 to March 31, 2022.

In addition, the Organization leases storage on a month-to-month basis.

Future minimum rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2019 were as follows:

For the year ending December 31,		**Amount**
2020	$	136,038
2021		137,237
2022		43,753
	$	317,028

Total rent expense under operating leases for the years ended December 31, 2019 and 2018 was $100,142 and $124,213, respectively, net of rent expense of $77,035 and $68,913, respectively, allocated to the Institute.

Legal contingencies:

From time to time, the Organization participates as a plaintiff or petitioner in lawsuits related to equality issues. If the Organization did not prevail in these lawsuits, the defendants could seek an award of allowable costs against the Organization and other plaintiffs in certain cases. It is not possible to estimate the amount of costs defendants might seek reimbursement for in the event that they prevail and accordingly, the Organization has not recorded a liability for such an event as of December 31, 2019 or 2018.

NOTE 9: 401(K) PLAN

Equality California has an existing 401(k) plan. The Plan covers all employees who are 21 or older and have completed 1,000 hours of service within the 12 months following an employee's commencement of employment. The Organization may make discretionary matching contributions. There were $8,347 and $8,884 employer contributions made during the years ended December 31, 2019 and 2018.

NOTE 10: SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) a pandemic which remains a global concern. Governments, both locally and nationally, have instituted varying levels of actions to contain the virus's spread. Accordingly, the Organization implemented a work from home policy for its employees. While the ultimate impact of COVID-19 on the Organization's revenue and public support are unknown, the Organization continues to review its program activities and will make the necessary modifications to its operating plan and programs based on the current health concerns as a result of the pandemic.

On March 27, 2020, the President signed into law, the Coronavirus Aid, Relief, and Economic Stability Act ("CARES Act") which included a small business forgivable loan program, the Paycheck Protection Program ("PPP"). In May 2020, the Organization applied for and received a loan of $262,900 with an interest rate of 1.00% under the PPP to be used for payroll, payroll costs and certain eligible other nonpayroll expenses. Also, in April 2020, the Organization entered into an Economic Injury Disaster Loan of $500,000 with interest at 2.75% per annum, due in monthly installments of $2,136 commencing April 22, 2021, maturing April 22, 2050. The promissory note is secured by substantially all of the Organization's assets.