Equality California Institute

Financial Statements

December 31, 2023

(with Comparative Totals for 2022)

WINDES

AUDIT | TAX | ADVISORY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Equality California Institute

Opinion

We have audited the accompanying financial statements of Equality California Institute (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 Equality California Institute (EQCAI) as of December 31, 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of EQCAI 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 EQCAI 's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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, including omissions, 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 EQCAI '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 EQCAI '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.

Report on Summarized Comparative Information

EQCAI's 2022 financial statements were audited by other auditors who expressed an unmodified audit opinion in their report dated October 25, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Windes, Inc.

Long Beach, California
August 14, 2024

EQUALITY CALIFORNIA INSTITUTE

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	$ 1,401,339	$ 2,470,900
Program service receivables	2,125,409	405,788
Investments	30,261	19,239
Pledge receivable	-	565,500
Other current assets	54,477	1,985
Total current assets	3,611,486	3,463,412
PROPERTY AND EQUIPMENT, NET	-	759
TOTAL ASSETS	$ 3,611,486	$ 3,464,171

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$ 165,939	$ 160,542
Due to related party	252,096	377,893
Accrued expenses and other current liabilities	143,835	80,653
Line of credit	200,000	-
Note payable	12,604	12,263
Total noncurrent liabilities	774,474	631,351
Note payable, net of current portion	466,875	479,478
NET ASSETS		
Without donor restrictions		
Undesignated	-	-
Board designated	477,301	1,524,985
Total net assets without donor restrictions	477,301	1,524,985
With donor restrictions	1,892,836	828,357
Total net assets	2,370,137	2,353,342
TOTAL LIABILITIES AND NET ASSETS	$ 3,611,486	$ 3,464,171

EQUALITY CALIFORNIA INSTITUTE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
SUPPORT AND REVENUE				
Foundation contributions	$ 308,469	$ 1,129,000	$ 1,437,469	$ 2,377,331
Individual and other contributions	225,507	-	225,507	678,138
Contributed non-financial assets	29,300	-	29,300	157,768
Program service revenue	1,499,065	1,250,000	2,749,065	1,575,393
Unrealized gain (loss) on invesments	11,022	-	11,022	(1,408)
Miscellaneous income	12,198	-	12,198	2,242
Special event revenue, net	120,004	-	120,004	530,754
Net assets released from restrictions	1,314,521	(1,314,521)	-	-
Total support and revenue	3,520,086	1,064,479	4,584,565	5,320,218
EXPENSES				
Program services	3,805,479	-	3,805,479	4,536,667
Support services:				
Management and general	349,216	-	349,216	503,649
Fundraising	413,075	-	413,075	587,842
Total expenses	4,567,770	-	4,567,770	5,628,158
CHANGE IN NET ASSETS	(1,047,684)	1,064,479	16,795	(307,940)
NET ASSETS, BEGINNING OF YEAR	1,524,985	828,357	2,353,342	2,661,282
NET ASSETS, END OF YEAR	$ 477,301	$ 1,892,836	$ 2,370,137	$ 2,353,342

EQUALITY CALIFORNIA INSTITUTE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total 2023	Total 2022
Salaries	$ 1,981,099	$ 97,838	$ 309,898	$ 2,388,835	$ 2,063,663
Payroll taxes	149,788	8,405	19,311	177,504	150,491
Employee benefits	143,072	6,764	18,690	168,526	147,632
Total personnel expenses	2,273,959	113,007	347,899	2,734,865	2,361,786
Grants to other organizations	272,250	-	-	272,250	1,034,168
Communications	255,095	15	3,021	258,131	444,417
Grant to Equality California	400,000	-	-	400,000	400,000
Professional and outside services	61,836	3,180	2,774	67,790	197,140
Travel and entertainment	122,121	3,989	26,098	152,208	183,222
Office expenses and supplies	89,625	19,540	9,453	118,618	162,006
Miscellaneous	3,476	7,339	3,343	14,158	144,799
Legal	60,928	-	-	60,928	120,716
Recruitment and training	30,003	15,172	1,937	47,112	100,475
Rent - building and equipment	82,992	11,984	11,035	106,011	99,731
Advertising	61,440	-	-	61,440	-
Polling and research	-	-	-	-	93,750
Conferences and meetings	37,788	-	-	37,788	82,834
Accounting and audit	-	84,990	-	84,990	67,326
Bank charges and merchant fees	-	27,724	-	27,724	33,741
Insurance	23,233	16,731	3,144	43,108	30,123
Dues and subscriptions	14,322	10,956	2,077	27,355	18,422
Repairs and maintenance				-	17,688
Interest	-	18,853	-	18,853	13,680
Utilities and communications	16,411	1,145	2,294	19,850	9,768
Taxes and licenses	-	13,832	-	13,832	9,362
Depreciation and amortization	-	759	-	759	3,004
	$ 3,805,479	$ 349,216	$ 413,075	$ 4,567,770	$ 5,628,158

EQUALITY CALIFORNIA INSTITUTE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 16,795	$ (307,940)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	759	3,004
Unrealized gain (loss) on investments	(11,022)	1,408
Changes in:		
Program service receivables	(1,719,621)	(39,882)
Pledge receivable	565,500	(135,500)
Other current assets	(52,492)	(1,985)
Accounts payable	5,397	121,467
Due to related party	(125,797)	6,684
Accrued expenses and other current liabilities	63,182	10,014
Net Cash Used In Operating Activities	(1,257,299)	(342,730)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in line of credit	200,000	-
Principal payments on note payable	(12,262)	(8,259)
Net Cash Provided By (Used In) Financing Activities	187,738	(8,259)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,069,561)	(350,989)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,470,900	2,821,889
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,401,339	$ 2,470,900
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	$ 18,853	$ 13,680

EQUALITY CALIFORNIA INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 1 – Nature of Institute and Activities

Equality California is made up of three separate organizations, Equality California ("EQCA"), a 501(c)(4) nonprofit organization; Equality California Institute ("EQCAI"), a 501(c)(3) organization; and Equality California PACs (political action committees), working together to advance civil rights and social justice. These entities form the nation's largest statewide lesbian, gay, bisexual, transgender, and queer ("LGBTQ+") civil rights organization. EQCA 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. EQCA advances civil rights and social justice by inspiring, advocating, and mobilizing through an inclusive movement that works tirelessly on behalf of those it serves.

EQCAI is a 501 (c)(3) organization under the IRC that utilizes advocacy, education, and mobilization programs to achieve its mission. EQCA is a 501(c)(4) organization under the Internal Revenue Code (IRC) that utilizes electoral, advocacy, and mobilization programs to achieve its mission. EQCA also manages multiple affiliated political action committees. EQCA and EQCAI share a common mission and executive director but have separate governing boards.

EQCAI works to achieve LGBTQ+ equality by reducing disparities in LGBTQ+ health and well-being, developing a pipeline of LGBTQ+ leaders, and increasing civic participation within the LGBTQ+ community. While EQCA and EQCAI share a common mission and executive director, they have separate governing boards. EQCAI was founded in 1999 as a California nonprofit public benefit corporation.

Equality California has staff in Los Angeles, Sacramento, and the San Francisco Bay Area in California; Las Vegas, Nevada; and Washington, DC.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting

EQCAI'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)

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*, EQCAI's net assets, revenues, gains, expenses, and losses are classified as without donor restrictions and with 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.

Board-designated net assets: In December 2020, EQCAI established a board-designated operating reserve policy to ensure the stability of EQCAI's mission, programs, employment, and ongoing operations of the organization. The operating reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expense, unanticipated loss in funding, uninsured losses, and one-time, nonrecurring expenses that will build long-term capacity. The annual targeted minimum amount of the operating reserve is four months of average operating costs that is based on the annual budget approved by the Board and will be funded with surplus operating funds without donor restrictions. The operating fund commenced in 2021.

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.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

See Note 9 for more information on the composition of net assets with donor restrictions and the release of restrictions.

Revenue and Support Recognition

EQCAI receives a portion of its program service revenue from government grants. Government grants are recorded as revenues in the period EQCAI meets the conditions for revenue recognition, namely when expenses have been incurred for the purposes specified by the contracts.

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

Contributed Nonfinancial Assets

In accordance with Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for- Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), contributed nonfinancial assets are presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and additional qualitative disclosures.

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.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Program Service Receivables

Program service receivables represent amounts awarded by various government agencies. Program service receivables are due within one year and are recorded at their net realizable value. Management estimates an allowance for uncollectible program service receivables based on current economic conditions, historical trends, and current and past experience with the government agency awarding the grant. EQCAI determined that no allowance was necessary for program service receivables as of December 31, 2023 and 2022.

EQCAI has conditional contributions of approximately $3,042,000 and $2,425,000 as of December 31, 2023 and 2022, respectively, from government agencies, which have not been recognized in the accompanying financial statements because the conditions have not been met. EQCAI will recognize these grants as qualifying grant expenditures are incurred and/or performance requirements are met.

Investments

EQCAI's investments are stated at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses and interest and dividend income are reflected in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is temporarily or permanently restricted by donor restrictions.

Investments in marketable securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes could materially affect the amounts reported in the statement of financial position.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

EQCAI defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. EQCAI applies fair value measurements to assets and liabilities that are required to be recorded at fair value under U.S. GAAP. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs and are categorized in a fair value hierarchy based on the transparency of inputs. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Pledges Receivable

EQCAI records pledges receivable, which represent unconditional promises to give as revenue when the promise is received. Unconditional pledges receivable that are expected to be collected within one year are recorded at net realizable value.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Grants Expense

EQCAI, after review and approval of management, awards grants to tax-exempt organizations. Grant expense is recorded when EQCAI makes an unconditional promise to give. Conditional promises to give are recorded as grant expense in the period in which the recipient meets the terms of the conditions imposed. There were no conditional grants as of December 31, 2023 and 2022. Grant cancellations and unspent funds are recorded in the year cancelled or the funds returned.

Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are recorded at estimated fair value at the date of donation. Property and equipment, which are donated or acquired with resources restricted for such acquisition, are considered to be without restrictions when placed into service. Depreciation and amortization are determined by using the straight-line method over the respective assets estimated useful lives ranging from five to seven years.

Income Taxes

EQCAI is exempt from income taxes under Section 501(c)(3) of the IRC and is exempt from state franchise taxes under Section 23701(d) of the California and Revenue Taxation Code, whereby only unrelated business income, as defined by Section 509(a)(1) of the IRC, is subject to federal income tax. For the years ended December 31, 2023 and 2022, EQCAI does not believe that it had any unrelated business taxable income and, accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

EQCAI follows the provisions of FASB ASC 740-10, *Income Taxes*, and related subsections. Accordingly, EQCAI 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. EQCAI recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by the appropriate taxing authorities. EQCAI 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. EQCAI is subject to potential income tax audits on open years by any taxing jurisdiction in which it operates. The statue of limitation for federal purposes is three years and state purposes is four years.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

Financial instruments which potentially subject EQCAI to a concentration of credit risk consist principally of cash, cash equivalents, receivables, and debt. EQCAI maintains its cash balances in the form of demand deposits and money market accounts with major financial institutions that management has determined to be creditworthy. At times, these bank deposits exceed the amount of federally insured limits. EQCAI has no significant financial instruments with off-statement of financial position risk of accounting loss.

Functional Allocation of Expenses

The costs of providing the various program services and other activities of EQCAI are reported on the statement of functional expenses. Expenses that are identified with a specific activity are allocated directly according to their functional benefit. Personnel-related expense allocations are based on the staff's time spent on each function. Expenses that are not directly associated with a specific program function are allocated among the 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.

Recently Adopted Accounting Standards

Beginning January 1, 2023, EQCAI adopted Accounting Standards Update (ASU) No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments and its related amendments, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. This ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU also requires EQCAI to use forward-looking information to better formulate its credit loss estimates. The adoption of this standard did not have an impact on these financial statements.

Reclassifications

Certain amounts in the **December 31, 2022** financial statements have been reclassified to conform to the 2023 financial statement presentation.

NOTE 3 – Liquidity and Availability of Financial Assets

The following reflects EQCAI's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed purpose restrictions within one year of the statement of financial position date. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following as of December 31:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	$ 1,401,339	$ 2,470,900
Program service receivables	2,125,409	405,788
Investments	30,261	19,239
Pledge receivable	-	565,500
Total financial assets available	3,557,009	3,461,427
Less: amounts with donor restrictions	(1,892,836)	(828,357)
	$ 1,664,173	$ 2,633,070

As part of the EQCAI'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, EQCAI reviews its funding levels on an on-going basis to ensure they are adequate. EQCAI entered into an agreement for a line of credit with a financial institution, which provides for $300,000 of financing.

NOTE 4 – Investments

At December 31, 2023 and 2022, EQCAI's investment consisted of equity stock valued at $30,261 and $19,239, respectively, which are considered level 1 in the fair value hierarchy.

NOTE 5 – Property and Equipment, Net

Property and equipment, net consisted of the following as of December 31:

	2023	2022
Computer, software, and equipment	$ 25,049	$ 25,049
Donated furniture and fixtures	11,768	11,768
Leasehold improvements	3,200	3,200
	40,017	40,017
Less: accumulated depreciation and amortization	(40,017)	(39,258)
Property and equipment, net	$ -	$ 759

Depreciation expense totaled $759 and $3,004 for the years ended December 31, 2023 and 2022 respectively.

NOTE 6 – Note Payable - Emergency Injury Disaster Loan

In April 2020, EQCAI obtained a loan under the Small Business Administration's Economic Injury Disaster Loan ("EIDL") assistance program, because of the COVID-19 pandemic impact on EQCAI's operations. The principal amount of the loan is $500,000, with the proceeds to be used for working capital purposes. Installment payments of principal and interest, with interest accruing at the rate of 2.75% per annum, are applied to accrued interest first then towards the outstanding principal. EQCAI commenced interest-only payments in April 2021. The loan is scheduled to mature in April 2050.

NOTE 6 – Note Payable - Emergency Injury Disaster Loan (Continued)

Future minimum principal payments on the EIDL note payable are as follows:

Year Ending December 31,	
2024	$ 12,604
2025	12,955
2026	13,316
2027	13,687
2028	14,068
Thereafter	412,849
Total	$ 479,479

NOTE 7 – Line of Credit

In July 2021, EQCAI obtained a working capital line of credit with a financial institution that has an available borrowing limit of $300,000. The credit line has an interest rate of 0.75% over the prime rate and expires in July 2024. There is an outstanding balance as of December 31, 2023 and 2022 of $200,000 and $0, respectively.

NOTE 8 – Related-Party Transactions

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

NOTE 8 – Related-Party Transactions (Continued)

EQCA invoiced EQCAI for the following shared expenses for the years ended December 31:

	2023	2022
Salaries, payroll taxes, and employee benefits	$ 1,745,732	$ 1,394,615
Other expenses	175,286	374,275
Direct special event expenses	334,016	296,882
Travel and entertainment	51,990	126,869
Rent	71,052	96,143
Office expenses and supplies	22,924	16,783
Total	$ 2,401,000	$ 2,305,567

In addition, EQCAI issued grants to EQCA in the amount of $400,000 for both years ended December 31, 2023 and 2022. As of December 31, 2023 and 2022, EQCAI had a payable balance due to EQCA of $252,096 and $377,890, respectively, for allocated expenses and grant expenses.

NOTE 9 – Net Assets

With Donor Restrictions

From time to time, EQCAI receives contributions subject to donor restrictions. Those contributions received with restrictions are released from restrictions when expenses are incurred, the purpose has been fulfilled, or through passage of time.

NOTE 9 – Net Assets (Continued)

With Donor Restrictions (Continued)

Net assets with donor restrictions were as follows as of December 31:

	2023	2022
Subject to expenditure for specified purposes:		
Health outreach	$ 908,934	$ 162,648
Fellowship program	75,158	69,382
Leadership academy	151,657	149,026
Safe and supportive schools	745,046	56,671
Voter outreach	-	25,630
Subtotal	1,880,795	463,357
Subject to the passage of time:		
General support for future periods	12,041	365,000
Total	$ 1,892,836	$ 828,357

NOTE 9 – Net Assets (Continued)

With Donor Restrictions (Continued)

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 were as follows for the years ended December 31:

	2023	2022
Purpose restrictions accomplished:		
Health outreach	$ 458,830	$ 198,754
Fellowship program	141,369	18,761
Leadership academy	24,224	90,491
Safe and supportive schools	25,514	15,121
Voter outreach	311,625	159,638
Subtotal	961,562	482,765
Time restrictions expired:		
General support for future periods	352,959	415,000
Total	$ 1,314,521	$ 897,765

NOTE 10 – Commitments and Contingencies

Legal Contingencies

From time to time, EQCAI participates as a plaintiff or petitioner in lawsuits related to equality issues. If EQCAI did not prevail in these lawsuits, the defendants could seek an award of allowable costs against EQCAI and other plaintiffs in certain cases. It is not possible to estimate the amount of costs defendants could seek in the event of an adverse decision; accordingly, EQCAI has not recorded any liabilities for such an event nor were there any such cases that management is aware of as of December 31, 2023 and 2022.

NOTE 10 – Commitments and Contingencies (Continued)

Concentrations

Public Support

During 2023, EQCAI received 50% of its public support from three donors and, during 2022, EQCAI received 52% of its public support from two donors.

Program Service Receivables

As of December 31, 2023, 69% of pledges receivable were due from two donors and, as of December 31, 2022, 94% of pledges receivable were due from four donors.

NOTE 11 – 401(k) Plan

EQCAI maintains a 401(k) plan that covers all employees who are age 21 or older and have completed 1,000 hours of service within the 12 months following an employee's commencement of employment. EQCAI may make discretionary matching contributions. For the years ended December 31, 2023 and 2022, no employer contributions were made.

NOTE 12 – Contributed Nonfinancial Assets

EQCAI receives contributed nonfinancial assets from donors, including goods and services. EQCAI recognizes contributed nonfinancial assets 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.

NOTE 12 – Contributed Nonfinancial Assets (Continued)

Contributed nonfinancial assets are recorded as revenue at fair value. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. For the years ended December 31, 2023 and 2022, the values of contributed services included as in-kind donations in the accompanying financial statements were $29,300 and $157,768, respectively, as follows:

Valutaion Technique and Inputs	Non-financial Contributions Category	Amount Recognized 2023	Amount Recognized 2022	Program/ Activity Utilization
Standard industry pricing for similar services	Legal services	$ -	$ 71,968	Program services
Third-party estimates using billing rates	Communication services	-	50,000	Program services
U.S. wholesale prices of identical or similar goods	Travel vouchers	29,300	35,800	Program services
	Total	$ 29,300	$ 157,768	

NOTE 13 – Subsequent Events

Subsequent events have been evaluated through August 14, 2024, which is the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2023 that required recognition or disclosure in such financial statements.