Equality California

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

Opinion

We have audited the accompanying financial statements of Equality California (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 (EQCA) 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 EQCA 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 EQCA'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 EQCA'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 EQCA'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

EQCA'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

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

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	$ 710,798	$ 668,888
Pledges receivable	20,028	231,625
Employee Retention Tax Credit Receivable	-	201,073
Due from related party	252,096	377,890
Prepaid expenses and other current assets	66,524	33,346
Total current assets	1,049,446	1,512,822
PROPERTY AND EQUIPMENT, NET	2,352	6,427
TOTAL ASSETS	$ 1,051,798	$ 1,519,249

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$ 150,521	$ 82,872
Accrued expenses and other current liabilities	148,226	72,587
Note payable, current portion	12,604	12,263
Total current liabilities	311,351	167,722
NOTE PAYABLE, net of current portion	466,875	479,478
NET ASSETS		
Without donor restrictions		
Undesignated	-	113,444
Board designated	191,318	401,351
Total net assets without donor restrictions	191,318	514,795
With donor restrictions	82,254	357,254
Total net assets	273,572	872,049
TOTAL LIABILITIES AND NET ASSETS	$ 1,051,798	$ 1,519,249

The accompanying notes are an integral part of these financial statements.

EQUALITY CALIFORNIA

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				
Individual and other contributions	$ 460,336	$ -	$ 460,336	$ 990,744
Grants from Equality California Institute	400,000	-	400,000	400,000
Contributed non-financial assets	506,933	-	506,933	751,660
Miscellaneous income	106,318	-	106,318	79,133
Special event revenue, net	965,313	-	965,313	1,233,824
Net assets released from restrictions	275,000	(275,000)	-	-
Total support and revenue	2,713,900	(275,000)	2,438,900	3,455,361
EXPENSES				
Program services	1,635,659	-	1,635,659	2,250,680
Support services:				
Management and general	546,818	-	546,818	570,562
Fundraising	854,900	-	854,900	623,071
Total expenses	3,037,377	-	3,037,377	3,444,313
CHANGE IN NET ASSETS	(323,477)	(275,000)	(598,477)	11,048
NET ASSETS, BEGINNING OF YEAR	514,795	357,254	872,049	861,001
NET ASSETS, END OF YEAR	$ 191,318	$ 82,254	$ 273,572	$ 872,049

The accompanying notes are an integral part of these financial statements.

EQUALITY CALIFORNIA

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	$ 703,634	$ 183,682	$ 491,775	$ 1,379,091	$ 1,132,845
Payroll taxes	57,491	14,050	44,637	116,178	84,615
Employee benefits	68,134	37,077	53,749	158,960	114,436
Total personnel expenses	829,259	234,809	590,161	1,654,229	1,331,896
Legal	421,777	-	-	421,777	605,354
Professional and outside services	127,117	1,840	112,834	241,791	300,592
Postage and shipping	522	460	1,362	2,344	227,194
Polling and research	59,000	-	-	59,000	-
Office expenses and supplies	42,112	130,045	33,139	205,296	189,573
Communications	36,924	-	2,979	39,903	175,986
Printing and production	-	964	28,375	29,339	161,904
Accounting and audit	-	106,905	-	106,905	91,812
Advertising	30,000	-	-	30,000	79,530
Rent - building and equipment	31,931	12,954	23,037	67,922	74,004
Travel and entertainment	35,770	8,828	33,621	78,219	43,618
Recruitment and training	4,870	4,882	3,166	12,918	39,263
Bank charges and merchant fees	-	9,768	-	9,768	27,279
Insurance	10,757	4,600	9,100	24,457	26,516
Conferences and meetings	404	238	1,412	2,054	15,264
Interest	963	12,407	-	13,370	13,680
Taxes and licenses	-	12,998	-	12,998	10,342
Miscellaneous	1,818	-	15,165	16,983	9,838
Depreciation	-	4,075	-	4,075	9,487
Dues and subscriptions	2,435	1,045	549	4,029	6,605
Repairs and maintenance	-	-	-	-	4,576
	$ 1,635,659	$ 546,818	$ 854,900	$ 3,037,377	$ 3,444,313

The accompanying notes are an integral part of these financial statements.

EQUALITY CALIFORNIA

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (598,477)	$ 11,048
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	4,075	9,487
Changes in:		
Pledges receivable	211,597	(167,625)
Employee Retention Tax Credit Receivable	201,073	182,550
Due from related party	125,794	(6,684)
Prepaid expenses and other current assets	(33,178)	(17,562)
Accounts payable	67,649	(5,126)
Accrued expenses and other current liabilities	75,639	(35,311)
Net Cash Provided By (Used In) Operating Activities	54,172	(29,223)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(12,262)	(8,259)
Net Cash Used In Financing Activities	(12,262)	(8,259)
NET CHANGE IN CASH AND CASH EQUIVALENTS	41,910	(37,482)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	668,888	706,370
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 710,798	$ 668,888
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	$ 13,370	$ 13,680

The accompanying notes are an integral part of these financial statements.

EQUALITY CALIFORNIA

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

NOTE 1 – Nature of Organization 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.

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. EQCAI is a 501 (c)(3) organization under the IRC that utilizes advocacy, education, and mobilization programs to achieve its mission. EQCA and EQCAI share a common mission and executive director but have separate governing boards. EQCA was founded in 1998 as a California nonprofit public benefit corporation.

Since 2000, EQCA has had an extensive legislative program in the California Legislature that has helped it to win passage of more than 192 laws that improve the lives of LGBTQ+ people. EQCA's legislative work has helped give California the most comprehensive LGBTQ+ civil rights protections of any state in the nation. EQCA also engages in governmental budget advocacy at the federal and state levels to ensure that government resources reach LGBTQ+ people in need.

EQCA 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

EQCA'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.

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*, EQCA'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, EQCA established a board-designated operating reserve policy to ensure the stability of EQCA'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 funded with surplus operating funds without donor restrictions. The operating fund commenced in 2021.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

> *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 8 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 EQCA. 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 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.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

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.

Pledges Receivable

EQCA 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. EQCA believes all pledges receivable as of December 31, 2023 are fully collectible. Accordingly, no allowance for uncollectable receivables is required.

Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are recorded at estimated fair market 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 donor restrictions when placed into service. Depreciation is recorded using the straight-line method over the respective assets estimated useful lives ranging from five to seven years.

Income Taxes

EQCA is exempt from income taxes under Section 501(c)(4) of the IRC 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 IRC, is subject to federal income tax. EQCA does not believe that during the years ended December 31, 2023 and 2022, 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 (Continued)

EQCA follows the provisions of FASB ASC 740-10, *Income Taxes*, and subsections. Accordingly, EQCA 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. EQCA recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by the appropriate taxing authorities. EQCA 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. The statue of limitation for federal purposes is three years and state purposes is four years.

Concentration of Credit Risk

Financial instruments which potentially subject EQCA to a concentration of credit risk consist primarily of cash, cash equivalents, receivables, and debt. EQCA 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. EQCA has no significant financial instrument 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 EQCA are reported 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's time spent on each function. Expenses that are not directly associated with a specific program 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, grants receivable, pledges receivable, prepaid expenses and other current assets, amounts due from related party, accounts payable, and accrued expenses and other current liabilities are stated at fair value which approximates historical cost.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Advertising Expenses

EQCA incurs advertising costs to promote its programs. All advertising costs are expensed and incurred. Total advertising costs for the years ended December 31, 2023 and 2022 totaled $30,000 and $79,530, respectively.

Recently Adopted Accounting Standards

Beginning January 1, 2023, EQCA 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 EQCA to use forward-looking information to better formulate its credit loss estimates.

Special Events

During the years ended December 31, 2023 and 2022, EQCA held special events, which generated revenue from sponsorships, ticket sales, and donations, as well as through a silent and live auction. Revenue and direct expenses for these events were as follows:

	2023	2022
Revenue	$ 1,897,453	$ 2,145,612
Direct expenses	(932,140)	(911,788)
Net special event income	$ 965,313	$ 1,233,824

Reclassifications

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

NOTE 3 – Liquidity and Availability of Financial Assets

The following reflects EQCA'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	$ 710,798	$ 668,888
Pledges receivables	20,028	231,625
Employee Retention Tax Credit Receivable	-	201,073
Due from related party	252,096	377,890
Total financial assets available	982,922	1,479,476
Less: amounts with donor restrictions	(82,254)	(357,254)
	$ 900,668	$ 1,122,222

As part of EQCA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, EQCA reviews its funding level on an ongoing basis to ensure they are adequate.

NOTE 4 – Property and Equipment, Net

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

	2023	2022
Computer, software, and equipment	$ 20,716	$ 53,048
Furniture and fixtures	33,079	40,007
	53,795	93,055
Less: accumulated depreciation	(51,443)	(86,628)
Property and equipment, net	$ 2,352	$ 6,427

Depreciation expense for the years ended December 31, 2023 and 2022 was $4,075 and $9,487, respectively.

NOTE 5 – Employee Retention Tax Credits

Under the Consolidated Appropriations Act of 2021 passed by the United States Congress and signed by the President on December 27, 2020, provisions of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") were extended and modified, making EQCA eligible for a refundable Employee Retention Credit (ERC) subject to meeting certain criteria. As of December 31, 2023 and 2022, EQCA had Employee Retention Credit Receivables of $0 and $201,073, respectively.

NOTE 6 – Note Payable - Emergency Injury Disaster Loan

In April 2020, EQCA obtained a loan under the Small Business Administration's Economic Injury Disaster Loan ("EIDL") assistance program, because of the impact of the COVID-19 pandemic on EQCA's operations. The principal amount of the loan is $500,000, with proceeds used for working capital purposes. Monthly payments of $2,136, including principal and interest, commenced in April 2022 with interest accruing at the rate of 2.75% per annum. EQCA commenced interest-only payments in April 2021. There was no accrued interest payable as of December 31, 2023 and 2022. 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 – Related-Party Transactions

EQCA shares personnel, office space, and various overhead costs with EQCAI. EQCA 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.

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

NOTE 7 – Related-Party Transactions (Continued)

EQCA received grants from EQCAI in the amount of $400,000 for both years ended December 31, 2023 and 2022. EQCA had a receivable from EQCAI of $252,096 and $377,890 as of December 31, 2023 and 2022, respectively, for allocated expenses invoiced and grant revenue.

NOTE 8 – Net Assets

With Donor Restrictions

From time to time, EQCA 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.

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

	2023	2022
Subject to expenditure for specified purposes:		
Education support	$ 82,254	$ 82,254
Subject to the passage of time:		
General support for future periods	-	275,000
Total	$ 82,254	$ 357,254

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
Time restrictions expired:		
General support for future periods	$ 275,000	$ 150,000

NOTE 9 – Commitments and Contingencies

Legal Contingencies

From time to time, EQCA participates as a plaintiff or petitioner in lawsuits related to equality issues. If EQCA did not prevail in these lawsuits, the defendants could seek an award of allowable costs against EQCA 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, EQCA 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.

Concentrations

In-kind Donations

For the year ended December 31, 2023, EQCA received 100% of pro-bono services from four donors and, for the year ended December 31, 2022, EQCA received 75% of pro-bono services from five donors.

Pledges Receivable

As of December 31, 2023, 85% of pledges receivable were due from three donors and, as of December 31, 2022, 86% of pledges receivable were due from three donors.

NOTE 10 – Leases

EQCA entered into a 60-month noncancelable operating lease for its Los Angeles headquarters effective May 1, 2017 through April 30, 2022. Monthly lease payments were $8,812 starting May 2017, with an annual escalation clause of 3%. The lease also provides for certain rent concessions to EQCA that are not material to the financial statements. This lease was not renewed after expiration and is month-to-month.

EQCA leased an office in Sacramento under the terms of an operating lease agreement effective through March 31, 2022, with monthly lease payments of $1,425. This lease was not renewed after expiration and is month-to-month. EQCA also has a Canon Copier lease with month-to-month payment of $395.

NOTE 10 – Leases (Continued)

All month-to-month leases meet the definition of short-term lease and, therefore, are excluded from applying ASC 842. No ROU asset or operating lease liability is recognized for the short-term leases. EQCA recognized the lease payments in the statement of activities on a straight-line basis over the lease term in the period in which the obligation for those payments is incurred.

For the year ended December 31, 2023, operating lease expense was $74,004, net of rent expenses of $96,143 allocated to EQCAI. Total rent expense under operating leases for the year ended December 31, 2022 was $62,888, net of rent expense of $80,106, allocated to EQCAI.

NOTE 11 – 401(k) Plan

EQCA maintains a 401(k) plan ("the 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. EQCA may make discretionary matching contributions. There were $18,403 and $10,634 in employer contributions made during the years ended December 31, 2023 and 2022, respectively.

NOTE 12 – Contributed Nonfinancial Assets

EQCA receives contributed nonfinancial assets from donors, including goods and services. EQCA 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 $506,933 and $751,660, respectively. The in-kind services consisted primarily of pro bono legal services, with the following details:

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	$ 421,777	$ 606,130	Program services
Third-party estimates using billing rates	Communication services	-	50,000	Program services
Third-party estimates using billing rates	Other professional services	36,000	36,000	Program services
U.S. wholesale prices of identical or similar goods	Donated goods	49,156	59,530	Supporting services
	Total expenses	$ 506,933	$ 751,660	

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 these financial statements.