EQUALITY CALIFORNIA

EQUALITY CALIFORNIA INSTITUTE

FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Equality California Institute
Los Angeles, California

We have audited the accompanying financial statements of Equality California Institute (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, 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 Institute as of December 31, 2018 and 2017, 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 1, 2019

EQUALITY CALIFORNIA INSTITUTE

STATEMENTS OF FINANCIAL POSITION

As of December 31,	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 763,483	$ 981,111
Pledges receivable	131,944	56,033
Prepaid expenses and other current assets	65,000	67,397
Total current assets	960,427	1,104,541
Long-term assets:		
Property and equipment, net	15,427	10,885
Total assets	$ 975,854	$ 1,115,426
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 126	$ 6,649
Due to Equality California	595,917	582,447
Accrued expenses and other current liabilities	54,743	37,514
Total current liabilities	650,786	626,610
Net assets:		
Without donor restrictions	(153,272)	(309,329)
With donor restrictions	478,340	798,145
Total net assets	325,068	488,816
Total liabilities and net assets	$ 975,854	$ 1,115,426

The accompanying notes are an integral part of these financial statements

For the year ended December 31, 2018

	Without donor restrictions	With donor restrictions	Total
Public support and revenue:			
Public support:			
Foundation contributions	$ 218,424	$ 503,294	$ 721,718
Individual and other contributions	450,028	-	450,028
In-kind donations	250,684	65,000	315,684
Special events revenue	593,950	-	593,950
Total public support	1,513,086	568,294	2,081,380
Revenue:			
Program service revenue	212,677	-	212,677
Investment income	241	-	241
Miscellaneous income	1,222	-	1,222
Total revenue	214,140	-	214,140
Net assets released from restriction:			
Satisfaction of purpose / time restrictions	888,099	(888,099)	-
Total public support and revenue	2,615,325	(319,805)	2,295,520
Expenses:			
Program services	1,839,244	-	1,839,244
Costs of direct benefits to donors	286,907	-	286,907
Supporting services			
Management and general	222,908	-	222,908
Fundraising	110,209	-	110,209
Total expenses	2,459,268	-	2,459,268
Change in net assets	156,057	(319,805)	(163,748)
Net assets, beginning of year	(309,329)	798,145	488,816
Net assets, end of year	$ (153,272)	$ 478,340	$ 325,068

The accompanying notes are an integral part of these financial statements

For the year ended December 31, 2017

	Without donor restrictions	With donor restrictions	Total
Public support and revenue:			
Public support:			
Foundation contributions	$ 155,000	$ 1,260,000	$ 1,415,000
Individual and other contributions	281,631	-	281,631
In-kind donations	1,163,568	100,568	1,264,136
Special events revenue	467,129	8,000	475,129
Total public support	2,067,328	1,368,568	3,435,896
Revenue:			
Investment income	873	-	873
Total revenue	873	-	873
Net assets released from restriction:			
Satisfaction of purpose / time restrictions	1,496,580	(1,496,580)	-
Total public support and revenue	3,564,781	(128,012)	3,436,769
Expenses:			
Program services	2,867,856	-	2,867,856
Costs of direct benefits to donors	192,054	-	192,054
Supporting services			
Management and general	158,025	-	158,025
Fundraising	86,440	-	86,440
Total expenses	3,304,375	-	3,304,375
Change in net assets	260,406	(128,012)	132,394
Net assets, beginning of year	(569,735)	926,157	356,422
Net assets, end of year	$ (309,329)	$ 798,145	$ 488,816

The accompanying notes are an integral part of these financial statements

EQUALITY CALIFORNIA INSTITUTE
STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended December 31,	2018					2017				
		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	$ 726,600	$ 131,374	$ 87,205	$ 218,579	$ 945,179	$ 642,775	$ 77,756	$ 68,320	$ 146,076	$ 788,851
Grant to Equality California	240,000	-	-	-	240,000	245,000	-	-	-	245,000
Professional and outside services	226,032	1,559	4,685	6,244	232,276	474,548	2,120	8,497	10,617	485,165
Legal	137,723	-	-	-	137,723	211,278	6,018	-	6,018	217,296
Travel and entertainment	98,884	946	4,616	5,562	104,446	131,340	573	1,831	2,404	133,744
Communications	98,786	-	60	60	98,846	834,834	-	-	-	834,834
Payroll taxes	60,669	6,263	3,149	9,412	70,081	52,010	5,857	1,652	7,509	59,519
Rent - building and equipment	57,839	7,525	3,549	11,074	68,913	53,249	6,926	1,912	8,838	62,087
Office expenses and supplies	51,797	4,108	1,395	5,503	57,300	90,553	3,475	1,255	4,730	95,283
Employee benefits	48,549	2,867	3,075	5,942	54,491	36,959	5,027	1,195	6,222	43,181
Accounting and audit	-	37,137	-	37,137	37,137	-	24,460	-	24,460	24,460
Grants to other organizations	31,500	-	-	-	31,500	14,500	-	-	-	14,500
Bank charges and merchant fees	17,332	3,362	1,088	4,450	21,782	16,813	3,030	537	3,567	20,380
Insurance	8,024	12,554	508	13,062	21,086	7,429	11,001	234	11,235	18,664
Conferences and meetings	12,447	-	-	-	12,447	12,917	-	-	-	12,917
Utilities and communications	10,445	1,206	596	1,802	12,247	10,475	1,679	291	1,970	12,445
Miscellaneous	7,352	-	-	-	7,352	19,803	-	32	32	19,835
Dues and subscriptions	852	5,430	43	5,473	6,325	5,295	503	98	601	5,896
Taxes and licenses	-	4,683	-	4,683	4,683	-	6,730	-	6,730	6,730
Repairs and maintenance	3,780	-	205	205	3,985	1,345	173	32	205	1,550
Depreciation and amortization	-	3,120	-	3,120	3,120	-	883	-	883	883
Recruitment and training	633	774	35	809	1,442	6,733	1,814	554	2,368	9,101
Total expenses	$ 1,839,244	$ 222,908	$ 110,209	$ 333,117	$ 2,172,361	$ 2,867,856	$ 158,025	$ 86,440	$ 244,465	$ 3,112,321

The accompanying notes are an integral part of these financial statements

EQUALITY CALIFORNIA INSTITUTE
STATEMENTS OF CASH FLOWS

For the years ended December 31,	2018	2017
Cash flows from operating activities:		
Change in net assets	$ (163,748)	$ 132,394
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	3,120	883
Donated property and equipment	-	(11,768)
(Increase) decrease in assets:		
Pledges receivable	(75,911)	(783)
Prepaid expenses and other current assets	2,397	(7,397)
Increase (decrease) in liabilities:		
Accounts payable	(6,523)	(81,441)
Due to Equality California	13,470	(45,004)
Accrued expenses and other current liabilities	17,229	7,169
Net cash used in operating activities	(209,966)	(5,947)
Cash flows from investing activities:		
Acquisition of property and equipment	(7,662)	-
Net cash used in investing activities	(7,662)	-
Net decrease in cash and cash equivalents	(217,628)	(5,947)
Cash and cash equivalents, beginning of year	981,111	987,058
Cash and cash equivalents, end of year	$ 763,483	$ 981,111
Supplemental cash flow information:		
Recognition of in-kind contributions and related assets and expenses	$ 315,684	$ 1,264,136

The accompanying notes are an integral part of these financial statements

As of and for the years ended December 31, 2018 and 2017

NOTE 1

NATURE OF INSTITUTE 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.

The Institute was founded in 1999. The Institute conducts public education programs for members of the LGBTQ community and the general public, as well as for healthcare workers, educators and public policymakers. The Institute has launched a number of programs to address disparities in LGBTQ health and wellbeing, including Transform California, Health Happens With Equality, the Safe and Supportive Schools Program, #Equality4All, OUT Against Big Tobacco, #WillBeCounted and Take It: I'm PrEP'd. The Institute offers a four-week summer fellowship program in Sacramento to give college students first-hand experience working with legislators on state policy. The Institute conducts LGBTQ Leadership Academies annually in Northern California and Southern California. The Institute also hosts annual "Fair Share for Equality" convenings of leaders from the LGBT community and community organizations, educators, social service agencies, and policymakers. The Institute created the Fair Share for Equality initiative to help educate the community and policymakers on how best to advance the health and wellbeing of California's LGBTQ community.

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 Institute'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 – CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In preparing these financial statements, the Institute evaluated the period from January 1, 2019 through October 1, 2019, 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:

During the year ended December 31, 2018, the Institute adopted FASB ASU 2016-14, *"Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958)*.

In accordance with ASC 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*, the Institute'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 Institute. 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.

The Institute recognizes program service and public contract revenue in the period when the services have been provided.

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.

NOTE 2 – CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributed goods and services: cont.

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, 2018 and 2017, the values of contributed goods included as in-kind donations in the accompanying financial statements were $65,000 and $112,336, respectively.

During the years ended December 31, 2018 and 2017, the values of contributed services included as in-kind donations in the accompanying financial statements were $250,684 and $1,151,800, respectively, which consisted primarily of pro bono legal services, communication and rebranding support.

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

Income taxes:

The Institute follows the provisions of FASB ASC 740-10, *Income Taxes* and related subsections. Accordingly, the Institute 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 Institute 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 Institute does not believe that its financial statements 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:

Cash and cash equivalents are financial instruments which potentially subject the Institute to a concentration of credit risk. The Institute maintains its cash and cash equivalents at one financial institution. The balances in these accounts at times exceeded federally insured limits. The Institute has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to these accounts.

During 2018, the Institute derived 16% of its public support from one donor, and during 2017, and the Institute received 55% of its public support from two donors/grantors. At December 31, 2018 and 2017, 81% and 89%, respectively, of promises to give were due from three donors.

NOTE 2 – CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional allocation of expenses:

The costs of providing the various program services and other activities of the Institute 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 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.

Fair value of financial instruments:

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

New accounting standards not yet adopted:

Accounting for leases

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842).* Under this new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with GAAP, the recognition, measurement, and presentation of expenses and cashflows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP, which requires only capital leases to be recognized on the balance sheet, the new ASU will require both types of leases to be recognized on the balance sheet. ASU 2016-02 will take effect for fiscal years beginning after December 15, 2019 with early adoption permitted. Management is currently evaluating the impact of the pending adoption of ASU 2016-02 on its financial statements.

Clarifying the scope and the accounting guidance for contributions received and contributions made

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958).* ASU 2018-08 requires that an entity determine whether a contribution is 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. The amendments in ASU 2018-08 are effective on a modified prospective basis for the fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of the pending adoption of ASU 2018-08 on the financial statements.

Revenue from contracts with customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "*Revenue from Contracts with Customers,*" which establishes a comprehensive revenue recognition standard in U.S. GAAP. ASU 2014-09 is effective for fiscal years beginning after December 15, 2018. The Institute is currently evaluating the effect the adoption of ASU 2014-09 will have on the financial statements.

As of and for the years ended December 31, 2018 and 2017

NOTE 3

LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Institute'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,	2018	2017
Financial assets at year-end:		
Cash and cash equivalents	$ 763,483	$ 981,111
Pledges receivable	131,944	56,033
Total financial assets available	895,427	1,037,144
Less those unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions for specified purposes	(413,340)	(733,145)
Financial assets available to meet cash needs for general expenditures within one year	$ 482,087	$ 303,999

At December 31, 2018 and 2017, the Institute had $482,087 and $303,999, respectively, of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. As part of the Institute'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 Institute reviews its funding levels on an on-going basis to ensure they are adequate.

NOTE 4

PLEDGES RECEIVABLE

Pledges receivable at December 31, 2018 and 2017 consist of unconditional promises to give by certain donors which totaled $131,944 and $56,033, respectively. Pledges receivable were due within one year and were collected subsequent to year end.

There was no bad debt expense recorded by the Institute during the years ended December 31, 2018 and 2017.

NOTE 5

PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

As of December 31,	2018	2017
Computer, software and equipment	$ 25,049	$ 17,387
Donated furniture and fixtures	11,768	11,768
Leasehold improvements	3,200	3,200
	40,017	32,355
Less: accumulated depreciation	(24,590)	(21,470)
	$ 15,427	$ 10,885

A total of $11,768 of furniture was donated during the year ended December 31, 2017.

Depreciation and amortization expenses totaled $3,120 and $883 for the years ended December 31, 2018 and 2017, respectively.

NOTE 6

RELATED PARTY TRANSACTIONS

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

As of and for the years ended December 31, 2018 and 2017

NOTE 6 - CONTINUED

RELATED PARTY TRANSACTIONS

The Institute was invoiced by Equality California for the following shared expenses for the years ended December 31, 2018 and 2017:

For the years ended December	2018	2017
Salaries payroll taxes and benefits	$ 1,051,751	$ 765,058
Other expenses	419,779	375,894
Direct special events expense	275,611	188,016
Office expenses and supplies	38,443	32,600
Travel and entertainment	59,960	26,665
	$ 1,845,544	$ 1,388,233

In addition, the Institute issued grants to Equality California in the amounts of $240,000 and $245,000 during the years ended December 31, 2018 and 2017, respectively.

As of December 31, 2018 and 2017, the Institute had remaining payable balances to Equality California of $595,917 and $582,447, respectively, for allocated expenses and grant expenses.

NOTE 7

RESTRICTIONS ON NET ASSETS

From time to time, the Institute 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. At December 31, 2018 and 2017, net assets subject to donor restrictions were $478,340 and $798,145, respectively.

At December 31, 2018 and 2017, net assets with restrictions were as follows:

As of December 31,	2018	2017
Subject to expenditure for specified purposes:		
Health Outreach	$ 298,904	$ 300,000
Fellowship Program	53,442	-
Leadership Academy	50,000	60,245
The Advancement Project	9,429	-
Public Advocacy	1,565	35,500
PrEP Education	-	250,000
Transgender Public Education	-	64,892
Immigration Reform	-	14,508
Special Events	-	8,000
Subtotal	413,340	733,145
Subject to the passage of time:		
Travel vouchers (expires in 2019 and 2018, respectively)	65,000	65,000
Subtotal	65,000	65,000
Grandtotal	$ 478,340	$ 798,145

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, 2018 and 2017 are as follows:

For the year ended December 31,	2018	2017
Purpose restrictions accomplished:		
Health Outreach	$ 301,099	$ 582,500
PrEP Education	250,000	277,956
The Advancement Project	83,865	-
Transgender Public Education	64,892	70,487
Leadership Academy	36,800	105,700
Public Advocate	33,935	-
Fellowship Program	30,000	46,919
Immigration Reform	14,508	81,116
Special Events	8,000	-
HIV Decrimination	-	175,666
Voter Engagement	-	50,668
Subtotal	823,099	1,391,012
Time restriction expired:		
Travel vouchers	65,000	105,568
Subtotal	65,000	105,568
Grandtotal	$ 888,099	$ 1,496,580

As of and for the years ended December 31, 2018 and 2017

NOTE 8

COMMITMENTS AND CONTINGENCIES

Legal contingencies:

From time to time, the Institute participates as a plaintiff or petitioner in lawsuits related to equality issues. If the Institute did not prevail in these lawsuits, the defendants could seek an award of allowable costs against the Institute and other plaintiffs in some cases. It is not possible to estimate the amount of costs defendants might seek in the event that they prevail and accordingly the Institute has not recorded any liabilities for such situations as of December 31, 2018 or 2017.

NOTE 9

401(K) PLAN

The Institute has an existing 401(k) plan. The Plan 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. Equality California may make discretionary matching contributions. During the years ended December 31, 2018 and 2017, there were $1,500 and $1,000 employer contributions.