

# Out & Equal

Financial Statements &  
Independent Auditor's Report  
for the Year Ended  
June 30, 2021

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A PROFESSIONAL ACCOUNTANCY CORPORATION

## **Independent Auditor's Report**

To the Board of Directors  
Out & Equal  
Oakland, California

We have audited the accompanying financial statements of Out & Equal (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 of 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 an assessment of the risks of the 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.

(continued on next page)

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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Out & Equal, as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited the June 30, 2020, financial statements of Out & Equal and our report dated June 30, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Cook & Company*

A Professional Accountancy Corporation  
San Francisco, California  
June 8, 2022

# Out & Equal

## Statement of Financial Position June 30, 2021 with Comparative Totals for June 30, 2020

	6/30/21 Total	6/30/20 Total (Note 2)
<b>ASSETS</b>		
Current Assets:		
Cash & equivalents	\$ 6,033,562	\$ 2,395,138
Investments (Note 3)	178,092	143,779
Sponsorships & accounts receivable, current (Note 4)	1,581,585	917,868
Grants receivable, current	313,000	62,389
Prepaid expenses & other current assets	198,860	106,520
Total current assets	<u>8,305,099</u>	<u>3,625,694</u>
Grants receivable, non-current	500,000	-
Property & equipment, net (Note 5)	80,953	29,193
Other assets	98,060	134,841
TOTAL ASSETS	<u>\$ 8,984,112</u>	<u>\$ 3,789,728</u>
<b>LIABILITIES &amp; NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 242,274	\$ 177,097
Accrued compensated absences	226,075	167,723
Other payroll-related liabilities	2,213	196,793
Deferred revenue	2,818,123	1,443,852
Deferred rent	3,204	37,149
Total current liabilities	<u>3,291,889</u>	<u>2,022,614</u>
Forgivable government loans (Note 2)	<u>775,685</u>	<u>340,600</u>
TOTAL LIABILITIES	4,067,574	2,363,214
Net Assets		
Without donor restrictions	3,452,436	1,106,434
With donor restrictions (Note 6)	<u>1,464,102</u>	<u>320,080</u>
TOTAL NET ASSETS	4,916,538	1,426,514
TOTAL LIABILITIES & NET ASSETS	<u>\$ 8,984,112</u>	<u>\$ 3,789,728</u>

See accompanying notes to financial statements  
and independent auditor's report.

## Out & Equal

### Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2021 with Comparative Totals for the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	6/30/21 Total	6/30/20 Total (Note 2)
Support & Revenue:				
Sponsorships - contributions	\$2,038,073	\$ 551,620	\$2,589,693	\$ 1,437,232
Sponsorships - fees	2,430,505	-	2,430,505	2,412,980
Corporate & foundation grants	87,954	1,080,460	1,168,414	81,989
Net assets released from restriction:				
Satisfaction of donor restrictions	488,058	(488,058)	-	-
Other contributions	173,228	-	173,228	161,703
In-kind support (Note 7)	287,529	-	287,529	560,583
Special events	-	-	-	87,700
Less: direct donor benefits	-	-	-	(105,037)
Program event registration fees	1,132,089	-	1,132,089	2,329,507
Dividends & interest	2,996	-	2,996	2,728
Realized & unrealized gains/(losses) on investments	34,008	-	34,008	(2,827)
Other income	2,526	-	2,526	129,059
Total support & revenue	6,676,966	1,144,022	7,820,988	7,095,617
Expenses:				
Program services	2,617,681	-	2,617,681	5,409,545
Management & general	1,381,347	-	1,381,347	2,187,448
Development	331,936	-	331,936	246,146
Total expenses	4,330,964	-	4,330,964	7,843,139
CHANGE IN NET ASSETS	2,346,002	1,144,022	3,490,024	(747,522)
NET ASSETS, July 1				
As previously stated	579,754	846,760	1,426,514	2,174,036
Prior period adjustment (Note 2)	526,680	(526,680)	-	-
As restated	1,106,434	320,080	1,426,514	2,174,036
NET ASSETS, June 30	\$3,452,436	\$1,464,102	\$4,916,538	\$ 1,426,514

See accompanying notes to financial statements  
and independent auditor's report.

## Out & Equal

### Statement of Functional Expenses for the Year Ended June 30, 2021 with Comparative Totals for the Year Ended June 30, 2020

	Program Services	Management & General	Development	Shared Costs	6/30/21 Total	6/30/20 Total (Note 2)
Salaries & wages	\$ 1,545,696	\$ 552,758	\$ 260,882	\$ -	\$ 2,359,336	\$ 2,386,234
Payroll taxes	124,261	37,813	19,051	-	181,125	177,969
Employee benefits	263,394	86,337	34,450	543	384,724	340,379
Staff development	5,955	34,762	-	1,140	41,857	110,314
In-kind legal services	-	219,834	-	-	219,834	371,695
Accounting fees	-	125,202	-	-	125,202	182,102
Other fees for services	130,111	162,666	-	3,424	296,201	234,322
Occupancy	63,804	16,661	5,925	20,970	107,360	404,063
Telephone & internet	12,080	4,707	1,883	5,245	23,915	41,580
Information technology support	52,003	-	-	29,116	81,119	50,706
Postage & delivery	333	1,891	-	185	2,409	10,692
Insurance	-	8,872	-	6,911	15,783	41,581
Supplies	738	2,083	-	440	3,261	36,859
Books, dues, & subscriptions	13,619	14,090	-	40,309	68,018	46,008
Printing & copying	-	-	-	-	-	59,012
Advertising	1,527	-	-	2,352	3,879	5,724
Meetings & conferences	525	66	-	-	591	15,440
Travel	10,269	39,235	-	-	49,504	235,945
Event catering	-	-	-	-	-	1,344,442
Event speakers & entertainers	135,000	-	-	-	135,000	264,049
Venue & other event production costs	146,396	-	-	-	146,396	1,384,539
Fundraising event expenses	-	-	-	-	-	105,037
Awards & gifts	200	185	-	561	946	7,372
Bank & credit card fees	18,017	27,103	1,111	657	46,888	60,805
Depreciation	-	-	-	14,385	14,385	12,752
Bad debt expense	-	20,540	-	-	20,540	-
Other	(150)	2,841	-	-	2,691	18,555
Allocation of shared costs	93,903	23,701	8,634	(126,238)	-	-
Total expenses by function	<u>2,617,681</u>	<u>1,381,347</u>	<u>331,936</u>	<u>-</u>	<u>4,330,964</u>	<u>7,948,176</u>
Less expenses included with revenues on the statement of activities						
Direct expenses of fundraising events	-	-	-	-	-	(105,037)
Total expenses included in the expense section on the statement of activities	<u>\$ 2,617,681</u>	<u>\$ 1,381,347</u>	<u>\$ 331,936</u>	<u>\$ -</u>	<u>\$ 4,330,964</u>	<u>\$ 7,843,139</u>

See accompanying notes to financial statements  
and independent auditor's report.

## Out & Equal

### Statement of Cash Flows for the Year Ended June 30, 2021 with Comparative Totals for Year Ended June 30, 2020

	<u>6/30/21</u> Total	<u>6/30/20</u> Total (Note 2)
<b><i>Cash flows from operating activities:</i></b>		
Change in net assets	\$ 3,490,024	\$ (747,522)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	14,385	12,752
Loss on disposal of fixed assets	-	3,744
Realized & unrealized gains/(losses) on investments	(34,008)	2,827
Changes in assets and liabilities:		
(Increase) decrease in sponsorships, accounts & grants receivable	(1,414,328)	919,905
(Increase) decrease in prepaid expenses & other current assets	(92,340)	52,250
(Increase) decrease in other assets	36,781	(66,079)
Increase (decrease) in accounts payable	65,177	78,652
Increase (decrease) in accrued payroll liabilities	(136,228)	164,115
Increase (decrease) in deferred rent	(33,945)	37,149
Increase (decrease) in deferred revenue	1,374,271	(1,426,747)
<b>Cash provided (used) by operating activities:</b>	<b>3,269,789</b>	<b>(968,954)</b>
<b><i>Cash flows from investing activities:</i></b>		
Cash purchases of fixed assets	(66,145)	(22,834)
Purchases of marketable securities	(305)	(461)
<b>Cash provided (used) by investing activities:</b>	<b>(66,450)</b>	<b>(23,295)</b>
<b><i>Cash flows from financing activities:</i></b>		
Cash proceeds from forgivable government loans	435,085	340,600
<b>Cash provided (used) by financing activities:</b>	<b>435,085</b>	<b>340,600</b>
<b>Cash provided (used) during period</b>	<b>3,638,424</b>	<b>(651,649)</b>
Cash and cash equivalents:		
<b>Beginning of Year, July 1</b>	<u>2,395,138</u>	<u>3,046,787</u>
<b>End of Year, June 30</b>	<u><u>\$ 6,033,562</u></u>	<u><u>\$ 2,395,138</u></u>

See accompanying notes to financial statements  
and independent auditor's report.



# Out & Equal

## Notes to Financial Statements June 30, 2021

### 1. The Organization

#### Nature of Activities

Out & Equal Workplace Advocates (the Organization) is the world's premiere nonprofit organization dedicated to achieving lesbian, gay, bisexual, and transgender workplace equality. We collaborate with leading local, national, and global corporations, their executives, human resources professionals, employee resource groups and individuals to provide leadership & professional development, education and research to create a culturally accepting work environment free of discrimination. The Organization convenes its annual Workplace Summit which draws 4,000+ attendees from 550+ companies, 50+ different countries and offers educational tracks across 100+ workshops, panels and case studies. The Organization also convenes an annual Executive Forum with LGBT and Ally executives that focus on professional development, networking and action planning tied to key issues facing their companies and the LGBT community. The Organization also offers training, town calls, global webinars, global business forums and its Equality Institute to reach small, medium and multi-national companies globally. Exempt from income taxes under Internal Revenue Code Section 501(c)(3), Out & Equal is governed by a board of directors.

#### Organizational Structure

The Organization maintains a staff of core employees in Oakland, California, and Washington, D.C., and relies heavily on independent contractors to carry out its activities.

#### Major Funding

The Organization receives a majority of its support and revenue in the form of corporate sponsorships. In addition, a substantial amount of revenue is generated from program events.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, support is recognized when it is awarded, revenue is recognized when it is earned, and expenses are recognized when they are incurred.

#### Cash & Cash Equivalents

Cash and cash equivalents include deposits held in bank checking and savings accounts, as well as money market funds held with an investment brokerage.

#### Investments

Investments, consisting of publicly traded equity securities held with a brokerage firm, are carried on the books at fair value using unadjusted quoted prices for identical assets in active markets that are accessible at the measurement date (level 1 inputs as defined by generally accepted accounting principles).

#### Accounts & Contributions Receivable

Accounts receivable consist of corporate sponsorships that have been formally committed to the Organization. These are reported at the amounts management expects to collect on balances outstanding at year-end. An allowance for doubtful accounts has been established based on the estimated amount of uncollectible receivables.

Contributions receivable are recorded based on formal, written promises received from donors. Amounts due within one year are presented at face value, while amounts due in one to three years are discounted to present value only in cases where such discounts would be material to the financial statements. Currently, there are no discounts reflected in the financial statements.

# Out & Equal

## Notes to Financial Statements June 30, 2021

### Property & Equipment

Fixed assets include software and computer equipment with an initial cost in excess of \$500. Purchased assets are carried at cost, while donated assets are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which is three years for assets currently on the books.

### Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, and payables approximate fair value because of the short maturity of these instruments.

### Forgivable Government Loans

In connection with economic uncertainties resulting from the Coronavirus pandemic, the Organization applied for and received two forgivable loans through the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP). The first loan was received in April 2020 and the second loan was received in March 2021. In accordance with FASB ASC 470, outstanding balances are presented as long-term liabilities on the *statement of financial position*.

The terms of the loan program specify that interest shall accrue at an annual rate of 1% and that outstanding balances must be repaid no later than March 2026. However, balances may be reduced through the incurrence of qualifying expenses. The loans were subsequently forgiven in September and November 2021, respectively.

### Net Assets

Net assets, revenues, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

**Net assets without donor restrictions**, which includes resources not subject to, or no longer subject to, donor-imposed stipulations.

**Net assets with donor restrictions**, which includes resources whose use is limited by donor-imposed time and/or purpose restrictions.

### Recognition of Contributions

The Organization recognizes contributions when it receives cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest.

Contributions are reported as increases in *net assets without donor restrictions* unless use of the contributed assets is limited by donor-imposed stipulations. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in *net assets without donor restrictions* unless they are encumbered by explicit donor stipulation or by law. Expirations of donor-restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time-period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

### Sponsorships

The Organization regularly solicits and secures sponsorships for its activities. Although sponsorships are a form of contribution, sponsors also receive benefits in exchange for their support. These benefits primarily include admission to Out & Equal's conferences. In accordance with generally accepted accounting principles, the sponsorships are bifurcated in the financial statements. Amounts that represent the fair value

# Out & Equal

## Notes to Financial Statements June 30, 2021

of services provided to sponsors are presented as *sponsorships – fees*, while the remainder of the sponsorships are presented as *sponsorships – contributions*.

### *Change in Accounting Principle*

Effective with the fiscal year 2021 financial statements, the Organization has changed the way it accounts for contributions from corporate sponsorships (i.e., the amounts presented under the *sponsorships – contributions* caption of the statement of activities). In prior years, these contributions were considered to be tied to the production of specific events. Accordingly, the contributions were classified as *net assets with donor restrictions* and released from restriction when the event occurred.

Based on the current wording of the sponsorship agreements, however, the Organization has reevaluated this treatment and determined that such amounts are intended for general operating support and not restricted to event production. Amounts continue to be treated as time-restricted due to the fact that sponsorship agreements specify payment dates in the future. As such, the new practice is to record these contributions to *net assets with donor restrictions* and release them from restriction when payment is due. A prior period adjustment has been made so that the June 30, 2020, balance of each net asset classification is consistent with the new policy.

### Revenue Recognized from Contracts with Customers

Revenue recognized from contracts with customers is included under the *program event registration fees* and *sponsorships – fees* captions of the statement of activities. The Organization recognizes contracts with customers in accordance with FASB ASC 606, which provides a comprehensive framework for revenue recognition from reciprocal transactions. Under ASC 606, a contract's total consideration is allocated amongst its various performance obligations (i.e., services or deliverables to be provided to the customer). Some contracts have one overall performance obligation, while others may have several performance obligations. Depending on the nature of each performance obligation, revenue is recognized either at the point in time when the service obligation is complete or over the period of performance. Revenue may only be recognized over a period of time when one or more of the following conditions is met: a) as the Organization performs the obligation, the customer simultaneously receives and consumes the benefits, b) the customer controls the asset (deliverable) as the Organization creates or enhances it, or c) the Organization has no alternative use for the asset (deliverable) being created (for example, it is not salable to another customer), and the Organization has an enforceable right to receive payment for its performance completed to date. Since Out & Equal's contracts relate primarily to admissions to conferences, revenue is recognizable at the point in time when the conferences occur.

Out & Equal's contracts have various payment terms and amounts may be due either before or after the satisfaction of performance obligations. Accounts receivable are recorded when the collection of payment is conditioned only on the passage of time. Amounts invoiced and/or received before the satisfaction of performance obligations are recorded to deferred revenue. As of June 30, 2021, unmet performance obligations included program registration fees for future events. The beginning and ending balances of accounts receivable and deferred revenue are presented on the statement of financial position.

### In-kind Support

The vast majority of in-kind support includes pro bono legal counsel used in various matters. In addition, non-cash contributions of professional services, goods and use of facilities are provided in connection with the annual summit and other program events. Such contributions are recorded at their estimated fair value as of the date of receipt.

### Functional Expenses

The Organization presents its expenses by function and natural category. *Program services* include the direct conduct and direct supervision of specific program activities. *Development* includes efforts to solicit monetary and nonmonetary contributions. *Management & general* includes general oversight, the

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## Notes to Financial Statements June 30, 2021

solicitation and administration of earned income, recordkeeping, regulatory compliance, governance, financial management, and all other activities that do not constitute the direct conduct or direct supervision of specific program services or fundraising activities.

Each month, the Organization allocates each employee's compensation to the major functions according to estimates of time and effort (based on job titles and major responsibilities). Other shared costs, consisting primarily of occupancy and office expenses, are posted to a shared cost pool and allocated amongst functions according to each function's overall proportion of staff time and effort.

### Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. All advertising costs are expensed as incurred.

### Income Taxes

As a public charity, the Organization is exempt from income taxes except on activities unrelated to its mission. As management believes that all of the Organization's activities are directly related to its mission, no provision has been made for income tax expense. The Organization's federal *Return of Organization Exempt from Income Tax* (Form 990) filings for the tax years ending in 2018 through 2021 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. The Organization's California *Exempt Organization Annual Information Return* (Form 199) filings for the tax years ending in 2017 through 2021 are subject to examination by the Franchise Tax Board, generally for four years after they were filed.

### New Accounting Pronouncements

Accounting Standards Update No. 2014-09— *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09) was issued by the Financial Accounting Standards Board (FASB) in May 2014 and is effective for nonpublic entities in calendar years ending in 2020 and beyond.

This update supersedes or replaces nearly all GAAP revenue recognition guidance for reciprocal transactions. These standards establish a new five-step contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

The enactment of this pronouncement is reflected in the Organization's financial statements for the year ended June 30, 2021. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes earned revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

These financial statements also reflect the provisions of Accounting Standards Update No. 2018-08— *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Made and Contributions Received* (ASU 2018-08), which the FASB enacted in June 2018 in response to concerns and questions relating to the applicability of ASU 2014-09 to nonprofit organizations.

This update provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) or exchange transactions (reciprocal) and (2) determining whether a contribution is conditional. The update will result in more governmental contracts being accounted for as contributions and may delay recognition for certain grants and contributions that no longer meet the definition of unconditional. This pronouncement was effective for calendar years ending in 2019 and beyond.

# Out & Equal

## Notes to Financial Statements June 30, 2021

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Comparative Data

The financial statement information for the year ended June 30, 2020, presented for comparative purposes, is not intended to be a complete financial statement presentation. For a complete presentation, please refer to the financial statements for that fiscal year. Certain amounts in the 2020 financial statements have been reclassified to conform to the current year presentation.

### **3. Investments – Fair Value Disclosures**

The Organization values its investments using a market approach on a recurring basis in accordance with FASB ASC #820, which establishes a fair value framework in accordance with generally accepted accounting principles. ASC #820 clarifies the definition of fair value, taking the position that fair value is the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. There are three defined levels in the fair value hierarchy:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

Level 2 – Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and are unobservable (i.e. supported by little or no market activity).

Fair value of assets measured on a recurring basis at June 30, 2021, consist of various publicly-traded equities held with an investment brokerage firm:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Common stocks	\$167,115	\$167,115		
Mutual funds	<u>10,977</u>	<u>10,977</u>		
Total	\$178,092	\$178,092		

### **4. Sponsorships & Accounts Receivable**

Sponsorships and accounts receivable consist of the following components:

Accounts receivable – contracts with customers	\$881,362
Contributions receivable	<u>750,300</u>
Sponsorships & accounts receivable, gross	1,631,662
Less: allowance for doubtful accounts	<u>(50,077)</u>
Sponsorships & accounts receivable, net	\$1,581,585

## Out & Equal

### Notes to Financial Statements June 30, 2021

#### 5. Property & Equipment

Computers & software	\$110,148
Less: accumulated depreciation	<u>(29,195)</u>
Property & equipment, net book value	\$80,953

#### 6. Net Assets with Donor Restrictions

The balance of *net assets with donor restrictions* at June 30, 2021 consists of awards received for the following:

Trans/GNC leadership initiative	\$518,831
General support for future periods	551,620
<i>Belonging Change Agents</i> initiative	250,000
<i>Diverse Initiatives</i> sponsorship	100,000
Development of global hub	36,151
Other activities	<u>7,500</u>
Total	\$1,464,102

#### 7. In-Kind Support

The Organization received and recorded the following in-kind donations for the year ended June 30, 2021:

General legal services	\$219,834
Airline travel vouchers	<u>67,695</u>
Total	\$287,529

#### 8. Retirement Plan

Out & Equal participates in an Internal Revenue Code Section 401(k) profit sharing retirement plan, which covers the Organization's employees after one year of employment. Out & Equal makes matching contributions of up to 5% of each employee's salary. In addition, the Organization may make additional contributions to employee accounts at the discretion of its board of directors. For the year ended June 30, 2021, the Organization contributed a total of \$197,837 to the retirement accounts of its employees.

#### 9. Co-working Facility Membership

In late summer 2019, Out & Equal entered into a commitment with a co-working company to rent office space in Oakland for a period of two years and Washington, D.C. for a period of one year. The Organization negotiated a rent reduction for the period when they were not able to use the office space due to the COVID-19 pandemic. Total office rent expense for the year ended June 30, 2021 was \$107,360. As of June 30, 2021, future minimum rental payments for the 2021-2022 fiscal year were \$53,380.

# Out & Equal

## Notes to Financial Statements June 30, 2021

### 10. Event Venue Commitments

As a producer of large-scale events, Out & Equal regularly executes purchase contracts with hotels and conference centers. As of June 30, 2021, the Organization had entered into three purchase obligations, totaling approximately \$2.6 million, for its future programs.

### 11. Management's Liquidity Disclosure Statement

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. It has cash and cash equivalents as primary sources of liquidity as well as sponsorships at its disposal.

Cash flows have seasonal variations during the year attributable to cash receipts for the annual Workplace Summit which occurs in the Fall, the Executive Forum which occurs in the Spring, and a concentration of contributions received near calendar year-end. Given the cash reserves, the Organization has not needed to use its existing line of credit to manage cash flow.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the expenditures needed for its annual Summit, Executive Forum and other international forums.

The following reflects Out & Equal's financial assets as of June 30, 2021, reduced by amounts not available for general use within one year of the statement of financial position date. Amounts not available include prepaid expenses, inventories, and purpose-restricted net assets. (The total amount presented included in financial assets available to meet cash needs for general expenditures within one year is not reduced by time-restricted contributions totaling \$483,360 because these amounts are available for the Organization's major and ongoing activities.)

Cash and cash equivalents	\$6,033,562
Sponsorships and accounts receivable	1,431,585
Contributions receivable	313,000
Investments	178,092
Less: restricted net assets included in the above	(1,190,622)
Total financial assets available	\$6,765,617

### 12. Contingencies, Risks & Uncertainties

#### COVID-19

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact the Organization's ability to conduct program activities or raise contributions. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. As such, the financial impact of this situation cannot be reasonably estimated at this time.

#### Investment Risk

The Organization's investments in marketable securities (detailed in Note 3) are subject to fluctuation in fair value. Despite the risk of investment loss, management believes that the portfolio is adequately diversified.

#### Cash Deposits in Excess of FDIC Insurance Limits

As of June 30, 2021, the Organization's cash deposits exceeded FDIC insurance limits by approximately \$5.45 million.

# Out & Equal

## Notes to Financial Statements June 30, 2021

### 13. Subsequent Events

#### Claim

In the subsequent fiscal year to the audited period, an Out & Equal employee brought an individual claim against the Organization for alleged wrongdoing. Based on the results of an independent investigation, management believes that the claim is unsubstantiated. Out & Equal has engaged legal counsel to communicate with the claimant's counsel to explore options for resolving the matter.

#### Preparation of Financial Statements

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 8, 2022, the date the financial statements were available to be issued.