

Out & Equal

Financial Statements &
Independent Auditor's Report
for the Year Ended
June 30, 2022

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A PROFESSIONAL ACCOUNTANCY CORPORATION

Independent Auditor's Report

To the Board of Directors
Out and Equal
Oakland, California

Opinion

We have audited the financial statements of Out and Equal (“the Organization”), which comprise the statement of financial position as of June 30, 2022, and 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, the changes in its net assets, its functional expenses, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Key Audit Matters

Key audit matters are those matters that were communicated with those charged with governance and, in our professional judgment, were of most significance in our audit of the financial statements of the year ended June 30, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition and Classification of Revenue and Support in the Financial Statements

We consider the recognition and classification of revenue and support, which is discussed in Note 2 of the accompanying financial statements, to be a key audit matter. Provisions of this area of accounting require the Organization to record contributions and revenues to the financial statements for the correct year. They also require categorizing revenue and support to the appropriate category based on its reciprocal or nonreciprocal nature as well as the absence or existence of donor restrictions and/or conditions. In addition, this area requires that the Organization reliably determine when performance obligations to customers are satisfied, when donor conditions are met, and when restricted amounts should be released from restriction.

This matter is considered a key audit matter because the recognition and classification of support and revenue has a pervasive effect on the Organization's financial statements, including its changes in net assets, total current assets, and composition amongst *net assets without donor restrictions* and *net assets with donor restrictions*. This area of accounting also requires the Organization to exercise significant judgment in its application of accounting standards, which have undergone changes in the past few years.

This matter was addressed in the current audit through the examination of documentary evidence that supports the recognition and classification of contributed support and contracts with customers. These procedures were instrumental in forming our opinion on the financial statements as a whole.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate, and have communicated, 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

We have previously audited the June 30, 2021, financial statements of Out and Equal, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



A Professional Accountancy Corporation
San Francisco, California
March 17, 2023

Out & Equal

Statement of Financial Position June 30, 2022 with Comparative Totals for June 30, 2021

	6/30/22 Total	6/30/21 Total (Note 2)
ASSETS		
Current Assets:		
Cash & equivalents	\$ 8,470,282	\$ 6,033,562
Investments (Note 3)	185,188	178,092
Sponsorships & accounts receivable, current (Note 4)	2,136,414	1,581,585
Contributions receivable, current	295,000	313,000
Prepaid expenses & other current assets	170,522	198,860
Total current assets	<u>11,257,406</u>	<u>8,305,099</u>
Contributions receivable, non-current	385,000	500,000
Property & equipment, net (Note 5)	133,921	80,953
Other assets	-	98,060
TOTAL ASSETS	<u>\$ 11,776,327</u>	<u>\$ 8,984,112</u>
LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 220,946	\$ 242,274
Accrued compensated absences	226,330	226,075
Other payroll-related liabilities	21,229	2,213
Deferred revenue	5,226,909	2,818,123
Deferred rent	2,247	3,204
Total current liabilities	<u>5,697,661</u>	<u>3,291,889</u>
Forgivable government loans	-	775,685
TOTAL LIABILITIES	5,697,661	4,067,574
Net Assets		
Without donor restrictions	5,449,043	3,452,436
With donor restrictions (Note 6)	629,623	1,464,102
TOTAL NET ASSETS	6,078,666	4,916,538
TOTAL LIABILITIES & NET ASSETS	<u>\$ 11,776,327</u>	<u>\$ 8,984,112</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, 2022 with Comparative Totals for the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	6/30/22 Total	6/30/21 Total (Note 2)
Support & Revenue:				
Sponsorships - contributions	\$1,014,250	\$ 119,400	\$1,133,650	\$ 2,589,693
Sponsorships - fees	3,617,584	-	3,617,584	2,430,505
Corporate & foundation grants	126,442	65,880	192,322	1,168,414
Net assets released from restriction:				
Satisfaction of donor restrictions	1,019,759	(1,019,759)	-	-
Other contributions	104,243	-	104,243	173,228
In-kind support (Note 7)	286,623	-	286,623	287,529
Program event registration fees	1,180,925	-	1,180,925	1,132,089
Forgiveness of debt (Note 2)	775,685	-	775,685	-
Dividends & interest	4,126	-	4,126	2,996
Realized & unrealized gains/(losses) on investments	5,833	-	5,833	34,008
Other income	9,098	-	9,098	2,526
	8,144,568	(834,479)	7,310,089	7,820,988
Expenses:				
Program services	4,043,157	-	4,043,157	2,617,681
Management & general	1,981,656	-	1,981,656	1,381,347
Development	123,148	-	123,148	331,936
	6,147,961	-	6,147,961	4,330,964
 CHANGE IN NET ASSETS	 1,996,607	 (834,479)	 1,162,128	 3,490,024
NET ASSETS, July 1	3,452,436	1,464,102	4,916,538	1,426,514
NET ASSETS, June 30	\$5,449,043	\$ 629,623	\$6,078,666	\$ 4,916,538

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

Out & Equal

Statement of Functional Expenses for the Year Ended June 30, 2022 with Comparative Totals for the Year Ended June 30, 2021

	Program Services	Management & General	Development	Shared Costs	6/30/22 Total	6/30/21 Total (Note 2)
Salaries & wages	\$ 1,955,987	\$ 708,702	\$ 89,130	\$ -	\$ 2,753,819	\$ 2,359,336
Payroll taxes	143,903	50,601	6,556	-	201,060	181,125
Employee benefits	333,450	114,783	15,190	-	463,423	384,724
Staff development	-	170,619	-	2,111	172,730	41,857
In-kind legal services	-	283,683	-	-	283,683	219,834
Accounting fees	197	146,359	-	101	146,657	125,202
Other fees for services	333,271	168,528	-	53,114	554,913	377,320
Occupancy	-	2,968	-	97,692	100,660	107,360
Telephone & internet	-	-	-	31,250	31,250	23,915
Postage & delivery	327	5,969	-	141	6,437	2,409
Insurance	-	3,205	-	24,655	27,860	15,783
Supplies	17	13,566	-	317	13,900	3,261
Books, dues, & subscriptions	11,009	39,018	-	71,478	121,505	68,018
Printing & copying	583	782	-	174	1,539	-
Advertising	3,112	675	-	886	4,673	3,879
Meetings & conferences	-	51,981	-	3,635	55,616	591
Travel	71,846	60,416	1,008	9,358	142,628	49,504
Event catering	264,747	-	-	-	264,747	-
Event speakers & entertainers	214,918	-	-	-	214,918	135,000
Venue & other event production costs	452,343	-	-	-	452,343	146,396
Awards & gifts	2,563	5,197	-	-	7,760	946
Bank & credit card fees	19,913	27,035	225	-	47,173	46,888
Depreciation	-	-	-	35,933	35,933	14,385
Bad debt expense	-	20,410	-	-	20,410	20,540
Other	-	22,324	-	-	22,324	2,691
Allocation of shared costs	234,971	84,835	11,039	(330,845)	-	-
Total expenses by function	<u>\$ 4,043,157</u>	<u>\$ 1,981,656</u>	<u>\$ 123,148</u>	<u>\$ -</u>	<u>\$ 6,147,961</u>	<u>\$ 4,330,964</u>

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

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Statement of Cash Flows for the Year Ended June 30, 2022 with Comparative Totals for Year Ended June 30, 2021

	6/30/22 Total	6/30/21 Total (Note 2)
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 1,162,128	\$ 3,490,024
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	35,933	14,385
Realized & unrealized gains/(losses) on investments	(5,833)	(34,008)
Forgiveness of debt	(775,685)	-
Changes in assets and liabilities:		
(Increase) decrease in sponsorships, accounts & contributions receivable	(421,829)	(1,414,328)
(Increase) decrease in prepaid expenses & other current assets	28,338	(92,340)
(Increase) decrease in other assets	98,060	36,781
Increase (decrease) in accounts payable	(21,328)	65,177
Increase (decrease) in accrued payroll liabilities	19,271	(136,228)
Increase (decrease) in deferred rent	(957)	(33,945)
Increase (decrease) in deferred revenue	2,408,786	1,374,271
	2,526,884	3,269,789
<i>Cash flows from investing activities:</i>		
Cash purchases of fixed assets	(88,901)	(66,145)
Purchases of marketable securities	(1,263)	(305)
	(90,164)	(66,450)
<i>Cash flows from financing activities:</i>		
Cash proceeds from forgivable government loans	-	435,085
	-	435,085
Cash provided (used) during period	2,436,720	3,638,424
Cash and cash equivalents:		
Beginning of Year, July 1	6,033,562	2,395,138
End of Year, June 30	\$ 8,470,282	\$ 6,033,562

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

Out & Equal

Notes to Financial Statements June 30, 2022

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, 2022

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. 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 forgiven in September and November 2021, respectively, and recognized as revenue for the year ended June 30, 2022.

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

Out & Equal

Notes to Financial Statements

June 30, 2022

The Organization has determined that contributions from corporate sponsorships are intended for general operating support and not restricted to event production. Amounts are treated as time-restricted due to the fact that sponsorship agreements specify payment dates in the future. As such, the Organization records these contributions to *net assets with donor restrictions* and releases them from restriction when payment is due.

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, 2022, 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 from time to time 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 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.

Out & Equal

Notes to Financial Statements June 30, 2022

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 2019 through 2022 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 2018 through 2022 are subject to examination by the Franchise Tax Board, generally for four years after they were filed.

Recent 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 was 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 was 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.

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, 2021, 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 2021 financial statements have been reclassified to conform to the current year presentation.

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Notes to Financial Statements June 30, 2022

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, 2022, 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	\$176,556	\$176,556		
Mutual funds	<u>8,632</u>	<u>8,632</u>		
Total	\$185,188	\$185,188		

4. Sponsorships & Accounts Receivable

Sponsorships and accounts receivable consist of the following components:

Accounts receivable – contracts with customers	\$1,972,050
Contributions receivable	<u>239,050</u>
Sponsorships & accounts receivable, gross	2,221,100
Less: allowance for doubtful accounts	<u>(74,686)</u>
Sponsorships & accounts receivable, net	\$2,136,414

5. Property & Equipment

Computers & software	\$199,049
Less: accumulated depreciation	<u>(65,128)</u>
Property & equipment, net book value	\$133,921

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Notes to Financial Statements June 30, 2022

6. Net Assets with Donor Restrictions

The balance of *net assets with donor restrictions* at June 30, 2022 consists of awards received for the following:

<i>Alliance for Global Equality</i> (USAID)	\$213,700
Trans/GNC leadership initiative	192,312
General support for future periods	119,400
<i>Belonging Change Agents</i> initiative	65,040
<i>Diverse Leaders</i> sponsorship	28,568
Other activities	<u>10,603</u>
Total	\$629,623

7. In-Kind Support

The Organization received and recorded the following in-kind donations for the year ended June 30, 2022:

General legal services	\$283,683
Airline travel vouchers	<u>2,940</u>
Total	\$286,623

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. Under the terms of the plan, Out & Equal makes a non-elective Safe Harbor Contribution of 6% of each eligible employee's wages plus a matching contribution of up to 5% of each eligible employee's wages. For the year ended June 30, 2022, the Organization contributed a total of \$224,008 to the retirement accounts of its employees.

9. Co-working Facility Memberships

Out & Equal maintains a predominantly remote workforce. In lieu of leasing office space, the Organization maintains memberships at coworking facilities in Oakland, California, and North Bethesda, Maryland, under agreements with various terms. The total cost of these memberships was approximately \$99,664 for the fiscal year. As of June 30, 2022, the total unfulfilled financial obligation associated with these memberships was approximately \$32,364.

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, 2022, the Organization had entered into a purchase obligation of approximately \$1.5 million for its future programs.

Out & Equal

Notes to Financial Statements June 30, 2022

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. Given the cash reserves, the Organization has not needed to obtain a 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 events.

The following reflects Out & Equal's financial assets as of June 30, 2022, 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.

Cash and cash equivalents	\$8,470,282
Investments	185,188
Sponsorships and accounts receivable	2,136,414
Grants & pledges receivable	295,000
Less: purpose-restricted net assets included in the above	(421,323)
Total financial assets available	\$10,665,561

12. Contingencies, Risks & Uncertainties

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, 2022, the Organization's cash deposits exceeded FDIC insurance limits by approximately \$7.88 million.

13. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 17, 2023, the date the financial statements were available to be issued.