




**FAMILY EQUALITY COUNCIL**  
**Financial Statements**  
**December 31, 2015**  
**(With Comparative Totals for 2014)**



**FAMILY EQUALITY COUNCIL**  
FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

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# GONZALEZ & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of  
Family Equality Council  
Boston, Massachusetts

## Independent Auditors' Report

We have audited the accompanying financial statements of Family Equality Council (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, 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 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 Family Equality Council as of December 31, 2015, 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.



GONZALEZ, & ASSOCIATES, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
June 24, 2016

FAMILY EQUALITY COUNCIL

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

**ASSETS**

	<u>2015</u>	<u>2014</u>
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 266,424	\$ 148,764
Pledges receivable	389,278	340,771
Accounts receivable	3,011	1,806
Prepaid expenses	19,330	185,049
Inventory	14,786	11,546
Total current assets	<u>692,829</u>	<u>687,936</u>
<b><u>Property and Equipment</u></b>		
Equipment	254,644	273,465
Less: accumulated depreciation	<u>(210,011)</u>	<u>(188,455)</u>
Total property and equipment	44,633	85,010
<b><u>Other Assets</u></b>		
Deposits	<u>29,530</u>	<u>17,098</u>
Total other assets	<u>29,530</u>	<u>17,098</u>
<b><u>Total Assets</u></b>	<u>\$ 766,992</u>	<u>\$ 790,044</u>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities</u></b>		
Accrued expenses	\$ 147,188	\$ 191,240
Accrued vacation	14,092	15,960
Capital lease	5,865	11,951
Line of credit	61,798	62,847
Deferred event registrations	9,820	
Deferred rent expenses	14,133	1,433
Total current liabilities	<u>252,896</u>	<u>283,431</u>
<b><u>Net Assets</u></b>		
Unrestricted	39,404	115,842
Temporarily restricted	<u>474,692</u>	<u>390,771</u>
Total net assets	<u>514,096</u>	<u>506,613</u>
<b><u>Total Liabilities and Net Assets</u></b>	<u>\$ 766,992</u>	<u>\$ 790,044</u>

See Accompanying notes and Independent Auditors' Report.

**FAMILY EQUALITY COUNCIL**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
<b><u>Support and Revenue</u></b>				
Grants and contributions	\$ 1,253,135	\$ 550,287	\$ 1,803,422	\$ 1,729,884
Released from restriction	466,366	(466,366)		
Special events	831,510		831,510	784,380
Direct donor benefits	(33,781)		(33,781)	(30,965)
In-kind contributions	445,635		445,635	515,742
Interest income	40		40	20
Other income	762		762	746
Rental income	62,400		62,400	
Sales	11,960		11,960	7,253
Loss on disposal of equipment	(7,000)		(7,000)	
Total support and revenue	3,031,027	83,921	3,114,948	3,007,060
<b><u>Expenses</u></b>				
Program services	1,931,256		1,931,256	2,003,240
Management and general	512,929		512,929	379,994
Fundraising	663,280		663,280	669,824
Total expenses	3,107,465		3,107,465	3,053,058
<b><u>Change in Net Assets</u></b>	(76,438)	83,921	7,483	(45,998)
<b><u>Net Assets - Beginning of Year</u></b>	115,842	390,771	506,613	552,611
<b><u>Net Assets - End of Year</u></b>	\$ 39,404	\$ 474,692	\$ 514,096	\$ 506,613

See accompanying notes and Independent Auditors' Report.



## FAMILY EQUALITY COUNCIL

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	2015				2014
	Program Services	Administration	Fundraising	Total	Total
Salaries	\$ 849,628	\$ 212,407	\$ 67,288	\$ 1,129,323	\$ 1,120,874
Payroll taxes	62,887	15,722	8,734	87,343	87,358
Employee benefits	60,887	15,222	8,456	84,565	89,550
Subtotal	<u>973,402</u>	<u>243,351</u>	<u>84,478</u>	<u>1,301,231</u>	<u>1,297,782</u>
Advertising	969			969	3,996
Bad debt		7,258		7,258	22,793
Bank and credit card charges		45,425		45,425	48,148
Board expenses		23,841		23,841	18,044
Computer and database support	39,733	14,695	14,406	68,834	55,525
Conferences	6,944	307	815	8,066	3,835
Contributions	2,179	76	76	2,331	206
Depreciation	16,689	8,344	8,344	33,377	42,931
Dues and fees	12,580	6,078	4,652	23,310	18,505
Employee activities	6,974	3,086	3,148	13,208	
Equipment rental and maintenance	2,671	1,227	1,203	5,101	4,423
Event expense	69,075	746	377,723	447,544	414,117
Inkind materials	8,154			8,154	11,926
Insurance	3,377	1,551	1,521	6,449	8,435
Marketing	13,000			13,000	2,508
Miscellaneous	1,000	1,207		2,207	3,203
Payroll fees		4,945		4,945	4,892
Postage and shipping	3,435	798	6,085	10,318	10,631
Printing and copying	8,858	2,915	24,560	36,333	70,571
Professional fees	411,900	60,729	17,158	489,787	502,417
Recruitment	2,401	692	706	3,799	2,953
Rent	121,995	63,811	48,510	234,316	168,710
Repairs and maintenance	1,636	737	752	3,125	11,846
Special projects	9,832	4,515	4,428	18,775	
Staff development	12,199	5,385	5,280	22,864	10,717
Supplies	10,544	1,672	1,599	13,815	13,274
Telephone	21,684	6,731	6,963	35,378	42,721
Travel	119,066	1,902	49,951	170,919	136,518
Utilities	2,009	905	922	3,836	7,731
Website and email	48,950			48,950	113,700
Total	<u>\$ 1,931,256</u>	<u>\$ 512,929</u>	<u>\$ 663,280</u>	<u>\$ 3,107,465</u>	<u>\$ 3,053,058</u>

See accompanying notes and Independent Auditors' Report.

**FAMILY EQUALITY COUNCIL**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

	2015	2014
<b><u>Cash Flows From Operating Activities</u></b>		
Change in net assets	\$ 7,483	\$ (45,998)
Adjustment to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	33,377	42,931
Loss on disposal of equipment	7,000	
(Increase) decrease in:		
Pledges receivable	(48,507)	76,303
Accounts receivable	(1,205)	(1,003)
Prepaid expenses	165,719	(147,971)
Inventory	(3,240)	3,164
Increase (decrease) in:		
Accrued expenses	(44,052)	53,931
Accrued salaries and benefits	(1,868)	(2,212)
Deferred event registrations	9,820	
Deferred rent	12,700	(4,299)
<b><u>Net Cash (Used) Provided by Operating Activities</u></b>	137,227	(25,154)
<b><u>Cash Flows From Investing Activities</u></b>		
Purchase of equipment		(17,022)
Payment of security deposit	(12,432)	(50)
<b><u>Net Cash (Used) by Investing Activities</u></b>	(12,432)	(17,072)
<b><u>Cash Flows From Financing Activities</u></b>		
Loan proceeds	65,000	17,022
Payments on capital lease	(6,086)	(4,971)
Repayment of line of credit	(66,049)	(24,347)
<b><u>Net Cash Flows (Used) by Financing Activities</u></b>	(7,135)	(12,296)
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>	117,660	(54,522)
<b><u>Cash and Cash Equivalents - Beginning of Year</u></b>	148,764	203,286
<b><u>Cash and Cash Equivalents - End of Year</u></b>	\$ 266,424	\$ 148,764
<b>SUPPLEMENTAL INFORMATION:</b>		
Disposal of fully depreciated fixed assets	\$ 18,821	\$ 0

See accompanying notes and Independent Auditors' Report.

## FAMILY EQUALITY COUNCIL

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

#### **Note 1. Organization**

Family Equality Council (FEC) was incorporated in June 1982 under the Nonprofit Corporation Act of the District of Columbia and has been at the forefront of the lesbian, gay, bisexual, transgender and queer (LGBTQ) family movement for civil rights and equality for over 30 years.

The mission of FEC is to advance equality for LGBTQ-headed families across the United States by fostering supportive communities, educating the public, and pursuing policy change. FEC's administrative office is located in Boston, MA. FEC also has offices in Florida, Wisconsin, New York City, and Washington D.C.

Family Equality Council focuses its work in three primary areas:

#### Community Building:

- Help parents and families come together to share information and provide social support to one another
- Help parents gain access to necessary resources concerning LGBTQ issues

#### Visibility and Education:

- Educate LGBTQ families about issues important to them
- Educate the public about LGBTQ families
- Ensure that LGBTQ families are represented fairly and consistently in the media

#### Advocacy and System Change:

- Influence and support laws, policies and regulations establishing abilities to create and protect LGBTQ families
- Create safe and inclusive educational environments for children of LGBTQ families
- Promote positive workplace policies that protect LGBTQ families
- Ensure and support underserved LGBTQ headed families with projects like our legal clinics.

FEC's programs and services include local and national advocacy, development of and support for over 200 local parenting groups, events nationwide, a monthly e-newsletter reaching approximately 63,000 contacts, robust online community, family events and ongoing collaborative with other national and statewide advocacy groups including both LGBTQ and other allied groups.

#### **Note 2. Summary of Significant Accounting Policies**

##### a. Standards of Accounting and Reporting

The Organization follows the standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for "Not-for-Profit Organizations".



## FAMILY EQUALITY COUNCIL

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

(Continued)

### **Note 2. Summary of Significant Accounting Policies** (Continued)

b. Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Un-restricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. No permanently restricted assets were received or held during 2015 or 2014 and accordingly, these financials do not reflect any activity related to this class of net assets for 2015 or 2014.

c. Use of Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 those estimates.

d. Fixed Assets

These assets are stated at cost, when purchased, or if donated, at their estimated fair value at date of donation. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repair, maintenance and betterments that materially prolong the useful lives of assets are capitalized.

e. Cash and Cash Equivalents

For purposes of the statement of cash flows, Family Equality Council considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

f. Inventory

The inventory consists of merchandise and marketing materials which were either bought or published by the organization for programmatic purposes and are stated at cost.

FAMILY EQUALITY COUNCIL

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

- g. Depreciation  
Provisions for depreciation are made in the accounts using the straight-line method over the estimated useful life of the asset. The estimated useful lives of the asset are as follows:
- |           |           |
|-----------|-----------|
| Equipment | 3-5 years |
|-----------|-----------|
- h. Promises To Give  
Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.
- i. Allocation of Expenses  
Expenses by function have been allocated among program and supporting services classifications directly or on the basis of time records and estimates made by the Organization's management.
- j. Restricted and Unrestricted Revenue and Support  
Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Temporarily restricted contributions whose restrictions are met in the same accounting period in which the contribution was pledged are reported as unrestricted support.
- k. Donated Goods and Services  
In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support. The Organization recognizes the fair value of contributed services received if such 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 contributed.

At December 31, 2015, in kind contributions were recorded as follows:

Legal services	\$ 329,656
Consulting	2,300
Website development and design	48,950
Rent	32,500
Travel	24,075
Event supplies	8,154
Total In-Kind	<u>\$ 445,635</u>

**FAMILY EQUALITY COUNCIL**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

- k. Donated Goods and Services (continued)  
In addition, the Organization received services valued at \$54,000, that are not reflected on the financials. These services were not in the budget for the program, therefore would not have been paid for if not donated, yet were still a valuable service that enhanced the program.
  
- l. Summarized Comparative Financial Statements  
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

**Note 3. Tax Status**

Family Equality Council is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

**Note 4. Leases**

Family Equality Council leases office space in Boston under a lease which commenced March 1, 2011 for a six-year period. The base rent is \$8,000 per month, subject to annual CPI increases of approximately 4%.

In November 2012 the Organization entered into a lease agreement for office space in Washington, DC under a fourteen-month lease at \$2,820 per month. The lease expires December 31, 2015.

In addition, the Organization received in-kind rent with a value of \$32,500 for fiscal year 2015.

Occupancy expense for the year ended December 31, 2015 totaled \$201,816.

Minimum lease payments for the years ended December 31 are as follows:

2015	\$	105,312
2016		107,944
2017		27,152



**FAMILY EQUALITY COUNCIL**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

(Continued)

**Note 5. Temporarily Restricted Net Assets**

Temporarily restricted net assets consists of the following:

Time restricted	\$ 474,692
Total temporarily restricted net assets	<u>\$ 474,692</u>

**Note 6. Deposits**

Deposits at December 31, 2015 consist of the following:

Office rental deposits	\$ 28,720
Utility and phone	<u>810</u>
Total	<u>\$ 29,530</u>

**Note 7. Pledges Receivable**

Pledges receivable at December 31, 2015 are due to be collected in 2016.

**Note 8. Line of Credit**

The Organization signed a Line of Credit agreement with a local bank. The agreement states that the organization can withdraw up to \$100,000 at an interest rate of 3.5%. At December 31, 2015 the balance due was \$61,798.

**Note 9. Subsequent Events**

Subsequent events were evaluated through June 24, 2016 which is the date the financial statements were available to be issued.