



**FAMILY EQUALITY COUNCIL**

**Financial Statements**  
**December 31, 2017**  
**(With Comparative Totals for 2016)**

**FAMILY EQUALITY COUNCIL**  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)

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To the Board of Directors of  
Family Equality Council  
New York, NY

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, 2017, 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.

**Auditors' 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 auditors' 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, 2017, 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  
October 11, 2018

**FAMILY EQUALITY COUNCIL**

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)

**ASSETS**

	2017	2016
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 710,771	\$ 301,206
Pledges receivable	132,950	221,295
Accounts receivable	1,299	2,300
Prepaid expenses	73,843	80,951
Inventory	3,118	7,633
Total current assets	921,981	613,385
<b><u>Property and Equipment</u></b>		
Equipment	146,996	320,174
Less: accumulated depreciation	(91,477)	(240,645)
Total property and equipment	55,519	79,529
<b><u>Other Assets</u></b>		
Security deposits	850	3,985
Total other assets	850	3,985
<b><u>Total Assets</u></b>	\$ 978,350	\$ 696,899

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities</u></b>		
Accrued expenses	\$ 60,947	\$ 95,871
Accrued salaries and benefits	26,751	20,127
Notes payable-current portion	16,235	29,327
Line of credit	-	96,688
Deferred event revenue	44,980	53,396
Total current liabilities	148,913	295,409
<b><u>Long-term Liabilities</u></b>		
Notes payable	28,176	44,410
Total notes payable	28,176	44,410
<b><u>Net Assets</u></b>		
Unrestricted	557,966	101,110
Temporarily restricted	243,295	255,970
Total net assets	801,261	357,080
<b><u>Total Liabilities and Net Assets</u></b>	\$ 978,350	\$ 696,899

See accompanying notes and Independent Auditors' Report.

**FAMILY EQUALITY COUNCIL**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)

	2017		2016	
	Unrestricted	Temporarily Restricted	Total	Total
<b><u>Support and Revenue</u></b>				
Grants and contributions	\$ 2,109,788	\$ 262,673	\$ 2,372,461	\$ 1,846,741
Released from restriction	275,348	(275,348)	-	-
Special events	747,585	-	747,585	809,580
Direct donor benefits	(37,804)	-	(37,804)	(42,390)
In-kind contributions	366,839	-	366,839	208,997
Interest income	70	-	70	29
Other income	220	-	220	3,226
Rental income	-	-	-	57,600
Sales	10,890	-	10,890	10,331
Total support and revenue	<u>3,472,936</u>	<u>(12,675)</u>	<u>3,460,261</u>	<u>2,894,114</u>
<b><u>Expenses</u></b>				
Program services	1,788,700	-	1,788,700	1,549,373
Administration	446,164	-	446,164	450,743
Fundraising	781,216	-	781,216	819,931
Total expenses	<u>3,016,080</u>	<u>-</u>	<u>3,016,080</u>	<u>2,820,047</u>
<b><u>Change in Net Assets</u></b>	456,856	(12,675)	444,181	74,067
<b><u>Net Assets - Beginning of Year</u></b>	<u>101,110</u>	<u>255,970</u>	<u>357,080</u>	<u>283,013</u>
<b><u>Net Assets - End of Year</u></b>	<u>\$ 557,966</u>	<u>\$ 243,295</u>	<u>\$ 801,261</u>	<u>\$ 357,080</u>

See accompanying notes and Independent Auditors' Report.



## FAMILY EQUALITY COUNCIL

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2017 (WITH COMPARATIVE TOTALS FOR 2016)

	2017			2016	
	Program Services	Administration	Fundraising	Total	Total
Salaries	\$ 901,873	\$ 202,234	\$ 194,480	\$ 1,298,587	\$ 1,098,274
Payroll taxes	76,996	17,266	16,603	110,865	95,892
Employee benefits	80,779	18,113	17,419	116,311	87,151
Subtotal	<u>1,059,648</u>	<u>237,613</u>	<u>228,502</u>	<u>1,525,763</u>	<u>1,281,317</u>
Advertising	5,554	-	259	5,813	5,129
Bad debt	-	61,460	-	61,460	92,280
Bank and credit card charges	-	50,332	-	50,332	41,617
Board expenses	-	18,858	-	18,858	13,471
Computer and database support	39,863	5,943	7,210	53,016	83,039
Conferences	14,956	640	903	16,499	12,284
Contributions	723	107	125	955	200
Depreciation	12,972	5,084	5,954	24,010	30,634
Dues and fees	12,348	3,612	6,617	22,577	18,347
Employee activities	12,616	2,175	2,547	17,338	2,744
Equipment rental and maintenance	2,226	872	1,022	4,120	4,642
Event expense	50,371	1,422	432,099	483,892	414,752
In-kind event supplies	3,380	-	914	4,294	1,370
Insurance	3,824	1,499	1,755	7,078	6,644
Interest expense	-	8,882	-	8,882	13,467
Marketing	18,661	129	152	18,942	-
Miscellaneous	4,660	1,614	1,891	8,165	9,417
Payroll fees	-	7,526	-	7,526	4,946
Postage and shipping	3,907	814	2,971	7,692	14,183
Printing and copying	26,866	1,277	2,489	30,632	32,956
Professional fees	208,832	11,885	21,910	242,627	245,369
Recruitment	1,940	428	501	2,869	1,166
Rent	30,647	10,899	12,768	54,314	194,534
Repairs and maintenance	-	-	-	-	700
Special projects	-	-	-	-	44,056
Staff development	566	-	-	566	60
Supplies	12,139	1,444	2,074	15,657	14,194
Telephone	13,443	2,565	3,405	19,413	30,853
Travel	109,558	9,084	45,148	163,790	151,476
Website and maintenance	139,000	-	-	139,000	54,200
Total	<u>\$ 1,788,700</u>	<u>\$ 446,164</u>	<u>\$ 781,216</u>	<u>\$ 3,016,080</u>	<u>\$ 2,820,047</u>

See accompanying notes and Independent Auditors' Report.

**FAMILY EQUALITY COUNCIL**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)

	2017	2016
<b><u>Cash Flows From Operating Activities</u></b>		
Change in net assets	\$ 444,181	\$ 74,067
Adjustment to reconcile change in net assets to cash (used) provided by operating activities:		
Depreciation	24,010	30,634
(Increase) decrease in:		
Pledges receivable	88,345	167,983
Accounts receivable	1,001	711
Prepaid expenses	7,108	(61,621)
Inventory	4,515	7,153
Increase (decrease) in:		
Accrued expenses	(34,924)	(51,317)
Accrued salaries and benefits	6,624	6,035
Deferred event revenue	(8,416)	(187,507)
Deferred rent expenses	-	(14,133)
	532,444	(27,995)
<b><u>Net Cash Provided (Used) by Operating Activities</u></b>		
<b><u>Cash Flows From Investing Activities</u></b>		
Purchase of equipment	-	(65,530)
Refund of security deposit	3,135	25,545
	3,135	(39,985)
<b><u>Net Cash Provided (Used) by Investing Activities</u></b>		
<b><u>Cash Flows From Financing Activities</u></b>		
Additions to notes payable	-	96,534
Payments on notes payable	(29,326)	(28,662)
Proceeds from line of credit	-	100,000
Repayment of line of credit	(96,688)	(65,110)
	(126,014)	102,762
<b><u>Net Cash Provided (Used) by Financing Activities</u></b>		
<b><u>Increase in Cash and Cash Equivalents</u></b>	409,565	34,782
<b><u>Cash and Cash Equivalents - Beginning of Year</u></b>	301,206	266,424
<b><u>Cash and Cash Equivalents - End of Year</u></b>	\$ 710,771	\$ 301,206
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest paid	\$ 8,882	\$ 13,467
Disposal of fully depreciated fixed assets	\$ 173,178	\$ -

See accompanying notes and Independent Auditors' Report.

## FAMILY EQUALITY COUNCIL

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

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

Family Equality Council (the Organization) 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 35 years.

Family Equality Council's mission, refined in March 2017, is to advance legal and lived equality for LGBTQ families, and for those who wish to form them, through building community, changing hearts and minds, and driving policy change.

Family Equality Council pursues its mission through the activities of three organizational departments: Policy, Program and Communications with the support of Development and Finance/Operations. The purpose of these departments is to pursue fulfillment of our mission through work in three key areas.

- I. **Existing Family Networks:** Family Equality Council convenes, coordinates, builds curricula and shares practices for these networks, helping parents and families come together to share information and provide social support for one another through local and national networks.
- II. **Storytelling:** Through effective storytelling, Family Equality Council aims to elevate the visibility of LGBTQ families in a national context by highlighting issues important to them to educate the public about LGBTQ families and to ensure that LGBTQ families are presented fairly in the media.
- III. **Family Formation:** Family Equality Council seeks to influence and support laws, policies and regulations establishing pathways to create and protect LGBTQ families whether through surrogacy, reproductive technologies or the adoption/foster care system. Family Equality Council urges the adoption and foster care systems to become more LGBTQ competent and inclusive so that the two million LGBTQ adults waiting to adopt/foster may more easily do so; and that the LGBTQ youth often trapped in these systems may sooner find their forever homes.

#### **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".
- 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:



**FAMILY EQUALITY COUNCIL**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)

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

b. Financial Statement Presentation (continued)

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted 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 2017 or 2016 and accordingly, these financials do not reflect any activity related to this class of net assets for 2017 or 2016.

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. Property and Equipment

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, 2017  
(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
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- 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. Deferred event revenue  
Payments received by the Organization for event sponsorships, ticket purchases and event registrations for an event that takes place in the following fiscal year are considered deferred revenue due to the possibility of an event being cancelled for reasons out of the Organization's control.

Payments received are treated as a liability until the event is held, at which time the payments are reclassified to revenue.

- j. Allocation of Expenses  
Expenses by function have been allocated among program services, administration and fundraising directly or on the basis of time records and estimates made by the Organization's management.

- k. 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.

- l. 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.

For the year ended December 31, 2017, in-kind contributions were recorded as follows:

**FAMILY EQUALITY COUNCIL**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)

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

I. Donated Goods and Services (continued)

Legal services	\$ 99,422
Consulting	88,979
Website development and design	139,000
Rent	24,000
Travel	11,044
Giveaways	100
Event supplies	<u>4,294</u>
Total In-Kind	<u>\$ 366,839</u>

m. Summarized Comparative Financial Statements

The financial statements include certain prior-year summarized comparative financial 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, 2016, 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 New York as a tenant-at-will. Payments of \$2,000 are due monthly.

In addition, the Organization received in-kind rent with a value of \$24,000 for fiscal year 2017.

Rent expense for the year ended December 31, 2017 totaled \$54,314.

**Note 5. Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2017 consists of the following:

Time restricted	\$ 243,295
Total temporarily restricted net assets	<u>\$ 243,295</u>



**FAMILY EQUALITY COUNCIL**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)

**Note 6. Security Deposits**

Deposits at December 31, 2017 consist of the following:

Event deposits	\$ 850
Total	<u>\$ 850</u>

**Note 7. Pledges Receivable**

Pledges receivable at December 31, 2017 are due to be collected in 2018.

**Note 8. Notes payable**

Equipment was financed in the amount of \$65,530 beginning July 2016, with monthly payments of \$1,572 for 48 months. The interest rate on the note is 7.1%.

Notes payable balance at December 31, 2017 totaled \$44,411. Future minimum lease payments are as follows:

FY 2018	\$ 16,235
FY 2019	17,426
FY 2020	10,750

**Note 9. 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, 2017 the balance due was \$0.

**Note 10. Subsequent Events**

In May 2018, the Organization entered into a merger agreement with a New York based not-for-profit corporation, Path2Parenthood, Inc. The merger was closed on October 1, 2018.