

EQUALITY FORUM, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2017 AND 2016
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

EQUALITY FORUM, INC.
YEARS ENDED JUNE 30, 2017 AND 2016
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Independent Auditor's Report

To: The Board of Directors
Equality Forum, Inc.
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of ***Equality Forum, Inc.*** (a non-profit organization) which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***Equality Forum, Inc.*** as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 11 and 12 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kenji, Benadi, Ruff & Co

Collingswood, NJ
December 6, 2017

EQUALITY FORUM, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 9,851	\$ 151,989
Grants receivable	85,000	-
Property and equipment, net	<u>140,760</u>	<u>120,386</u>
 Total assets	 <u>\$ 235,611</u>	 <u>\$ 272,375</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ 26,012	\$ 23,865
Note payable	<u>100,000</u>	<u>130,000</u>
 Total liabilities	 <u>126,012</u>	 <u>153,865</u>
Net assets		
Unrestricted	24,599	118,510
Temporarily restricted	<u>85,000</u>	<u>-</u>
 Total net assets	 <u>109,599</u>	 <u>118,510</u>
 Total liabilities and net assets	 <u>\$ 235,611</u>	 <u>\$ 272,375</u>

The accompanying notes are an integral part of these financial statements.

EQUALITY FORUM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

<u>REVENUE AND SUPPORT</u>	Unrestricted	Temporarily Restricted	Total
Contributions	\$ 48,528	\$ 85,000	\$ 133,528
Film income	10,925	-	10,925
In-kind contributions	2,443,518	-	2,443,518
Temporarily restricted net assets released from restrictions	-	-	-
 Total revenue and support	 <u>2,502,971</u>	 <u>85,000</u>	 <u>2,587,971</u>
 <u>EXPENSES</u>			
Program expenses	<u>2,564,542</u>	<u>-</u>	<u>2,564,542</u>
Supporting services			
Management and general	26,589	-	26,589
Fundraising	5,751	-	5,751
 Total supporting services	 <u>32,340</u>	 <u>-</u>	 <u>32,340</u>
 Total expenses	 <u>2,596,882</u>	 <u>-</u>	 <u>2,596,882</u>
Changes in net assets	(93,911)	85,000	(8,911)
Net assets, beginning of fiscal year	<u>118,510</u>	<u>-</u>	<u>118,510</u>
Net assets, end of fiscal year	<u>\$ 24,599</u>	<u>\$ 85,000</u>	<u>\$ 109,599</u>

The accompanying notes are an integral part of these financial statements.

EQUALITY FORUM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

<u>REVENUE AND SUPPORT</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Contributions	\$ 33,115	\$ 443,350	\$ 476,465
Film income	1,550	-	1,550
Temporarily restricted net assets released from restrictions	<u>732,850</u>	<u>(732,850)</u>	<u>-</u>
Total revenue and support	<u>767,515</u>	<u>(289,500)</u>	<u>478,015</u>
 <u>EXPENSES</u>			
Program expenses	<u>379,007</u>	<u>-</u>	<u>379,007</u>
Supporting services			
Management and general	48,010	-	48,010
Fundraising	<u>16,355</u>	<u>-</u>	<u>16,355</u>
Total supporting services	<u>64,365</u>	<u>-</u>	<u>64,365</u>
Total expenses	<u>443,372</u>	<u>-</u>	<u>443,372</u>
Changes in net assets	324,143	(289,500)	34,643
Net assets (deficit), beginning of fiscal year	<u>(205,633)</u>	<u>289,500</u>	<u>83,867</u>
Net assets, end of fiscal year	<u>\$ 118,510</u>	<u>\$ -</u>	<u>\$ 118,510</u>

The accompanying notes are an integral part of these financial statements.

EQUALITY FORUM, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2017</u>	<u>2016</u>
Changes in net assets	\$ (8,911)	\$ 34,643
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	19,479	16,602
(Increase) decrease in:		
Grants receivable	(85,000)	-
Prepaid expenses	-	9,496
Prepaid anniversary event expenses	-	132,082
Increase (decrease) in:		
Accounts payable and accrued expenses	2,147	(7,067)
Deferred revenue	-	(7,550)
Net cash (used in) provided by operating activities	<u>(72,285)</u>	<u>178,206</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Website development costs	<u>(39,853)</u>	<u>(34,000)</u>
Net cash (used in) investing activities	<u>(39,853)</u>	<u>(34,000)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
(Payments), note payable	<u>(30,000)</u>	<u>(100,000)</u>
Net cash (used in) financing activities	<u>(30,000)</u>	<u>(100,000)</u>
Net (decrease) increase in cash and cash equivalents	(142,138)	44,206
Cash and cash equivalents, beginning of fiscal year	<u>151,989</u>	<u>107,783</u>
Cash and cash equivalents, end of fiscal year	<u>\$ 9,851</u>	<u>\$ 151,989</u>
<u>SUPPLEMENTAL INFORMATION</u>		
Interest paid	<u>\$ 12,935</u>	<u>\$ 13,271</u>

The accompanying notes are an integral part of these financial statements.

EQUALITY FORUM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Equality Forum, Inc. (the "Organization") is a Pennsylvania non-profit corporation founded in 1992. The Organization is a national and international LGBT civil rights organization with an educational focus. The Organization coordinates LGBT History Month, produces documentary films, undertakes high impact initiatives and presents the largest annual international LGBT civil rights summit. The executive office is located in Philadelphia, Pennsylvania.

The Organization's primary sources of revenue are from individual donations, foundation grants, marketing sponsorships, and event fees.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America which means revenues are recognized when earned and expenses recognized when incurred.

The Organization prepares its financial statements in accordance with Accounting Standards Codification (ASC) No. 958, "Not-for-Profit Entities". Under ASC No. 958, 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) based upon the existence or absence of donor imposed restrictions. In addition, the Organization is required to present a statement of cash flows. For the years ended June 30, 2017 and 2016 the Organization had no permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and accordingly no provision for income taxes is provided.

Management adopted the accounting standard "Accounting for Uncertainty in Income Taxes". This standard clarifies the accounting and reporting for uncertainties in income tax positions taken or expected to be taken in filings with taxing jurisdictions, using minimum recognition and measurement thresholds.

EQUALITY FORUM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Management has reviewed its tax positions taken in filings with federal and state jurisdictions and believes those positions would be sustained should the filings be examined by the relevant taxing authority. These tax filings are subject to examination generally for three years after they are filed.

Should settlement of an examination or other event result in a change in management's evaluation of a tax position taken or expected to be taken in filings that have not been closed by statute or examination, any interest and penalties related to the unrecognized tax benefit as a result of the uncertain tax position would be included in interest expense and administrative expenses, respectively.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Grants and Accounts Receivable

Grants and accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants and contracts.

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Fair Value of Financial Instruments

The Organization's financial instruments consist primarily of cash, accounts receivable, accounts payable, line of credit, bank, and note payable, related party. These balances, as presented in the financial statements as of June 30, 2017 and 2016, approximate their fair market value because of their short maturities.

Property and Equipment

Property and equipment is stated at cost. Expenditures for improvements that materially increase the estimated useful lives of the assets are capitalized; expenditures for repairs and maintenance are charged against income.

EQUALITY FORUM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Depreciation is provided at annual rates under the straight-line method for all assets placed in service.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

2. PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of the following:

	2017	2016
Commercial condominium	\$ 140,000	\$ 140,000
Equipment	27,124	27,124
Website	184,035	144,182
	351,159	311,306
Less: accumulated depreciation	(210,399)	(190,920)
Property and equipment, net	\$ 140,760	\$ 120,386

Depreciation expense for the years ended June 30, 2017 and 2016 was \$19,479 and \$16,602, respectively.

Based upon a recent real estate appraisal, the commercial condominium currently has a fair market value of approximately \$450,000.

3. NOTE PAYABLE

At June 30, 2013, the Organization had a note payable in the amount of \$227,797 due to the executive director. During fiscal year 2014 the Organization secured a loan from a local bank in the amount of \$230,000 to replace this loan. This loan is secured by the commercial condominium and other assets of the Organization. The balance due as of June 30, 2017 was \$100,000.

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2017 were \$85,000, all of which is purpose restricted.

EQUALITY FORUM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

5. COMMITMENTS

Saint of 911

In August of 2006, the Organization entered into a ten-year licensing and royalty arrangement with a film licensee transferring North American distribution rights to the film, *Saint of 911*. In addition to certain minimum guarantees, the Organization will be entitled to earn royalties for broadcasting rights, DVD rentals and theatrical and video gross receipts. The Organization also retained the right to distribute the film via its website.

Office Condominium

The Organization is responsible for monthly maintenance fees which run approximately \$2,344 per month including a special assessment. In November of 2016 the assessment returned to its pre-special assessment amount of \$1,122. The monthly maintenance fees for the years ended June 30, 2017 and 2016 were \$18,356 and \$28,133, respectively. The condominium is pledged as security for a note payable, see Note 3.

6. DONATIONS IN-KIND

In fiscal 2017 the Organization received material donations-in-kind in the form of Public Service Announcements (PSAs), focused on the Organization's programs, which aired on local radio stations. These PSAs are recorded and expense at the time the announcements are aired and are valued at the cost as if they had been purchased.

In-kind income and expense was \$2,443,518 for the year ended June 30, 2017.

7. SUBSEQUENT EVENTS

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through December 6, 2017, the date the financial statements were available to be issued. The Organization had no significant or material subsequent events through December 6, 2017.

EQUALITY FORUM, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Expenses	Supporting Services		Total
		Management and General	Fundraising	
Personnel costs	\$ 10,323	\$ 1,290	\$ 1,290	\$ 12,903
Bank service charges	-	733	-	733
Condo fees	14,684	1,836	1,836	18,356
Conference fees	-	-	-	-
Depreciation	15,583	1,948	1,948	19,479
Interest expense	-	12,935	-	12,935
Miscellaneous	-	-	-	-
Office expenses	413	412	-	825
Program expenses				
LGBT History Month	26,142	-	-	26,142
Public Relations	45,996	-	-	45,996
In-kind marketing	2,443,518	-	-	2,443,518
Postage and delivery	476	125	125	726
Professional fees	-	6,010	-	6,010
Service subscriptions	603	75	75	753
Telephone	3,812	477	477	4,766
Travel and entertainment	2,992	748	-	3,740
Total expenses	\$ 2,564,542	\$ 26,589	\$ 5,751	\$ 2,596,882

The accompanying notes are an integral part of this schedule.

EQUALITY FORUM
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Expenses	Supporting Services		Total
		Management and General	Fundraising	
Personnel costs	\$ 77,612	\$ 22,388	\$ 11,194	\$ 111,194
Bank service charges	-	903	-	903
Condo fees	22,507	2,813	2,813	28,133
Conference fees	13,633	-	-	13,633
Depreciation	13,282	1,660	1,660	16,602
Interest expense	-	13,271	-	13,271
Insurance	1,443	-	-	1,443
Office expenses	436	436	-	872
Program expenses				
LGBT History Month	18,924	-	-	18,924
Public Relations	48,014	-	-	48,014
50th Anniversary	174,277	-	-	174,277
Postage and delivery	317	100	100	517
Professional fees	-	4,885	-	4,885
Service subscriptions	739	93	93	925
Telephone	3,957	495	495	4,947
Travel and entertainment	3,866	966	-	4,832
Total expenses	\$ 379,007	\$ 48,010	\$ 16,355	\$ 443,372

The accompanying notes are an integral part of this schedule.