



Equality Virginia, Inc.

Combined Financial Statements

December 31, 2015

Meadows Urquhart Acree & Cook, LLP
Certified Public Accountants

1802 Bayberry Court
Suite 102
Henrico, VA 23226

p 804 249 5786
f 804 249 5781
www.muacllp.com

Contents

Board of Directors	
Independent Auditor's Report	1 - 2
Combined Financial Statements	
Combined Statement of Assets, Liabilities and Net Assets	3
Combined Statement of Support, Revenue, Expenses and Changes in Net Assets	4
Combined Statement of Functional Expenses	5
Combined Statement of Cash Flows.....	6
Notes to Combined Financial Statements	7 - 10
Supplementary Information	11 - 13

BOARD OF DIRECTORS

Equality Virginia

Michael Sutphin	Chair
Melodie Thigpen	Vice-Chair
Stephanie Bryan	Treasurer
Carl Johansen	Secretary

Board Members

TJ Brennan, Jr.
Tammy Freeman
Catherine Read
Jane Sper
Shari Michelle Drees
Elizabeth Ames Fogarty
Peter Goldin
Rob Mish
Geneva Perry
Andy Ramamoorthy
C. Anthony Reale
Carol Schall
Lawrence Webb

Equality Virginia Advocates

Lawrence Webb	Chair
Michael Sutphin	Vice-Chair
Stephanie Bryan	Treasurer

Board Members

TJ Brennan, Jr.
Catherine Read
Melodie Thigpen

- Kelli P. Meadows
- Douglas A. Urquhart
- David C. Acree
- Shannon W. Cook

Independent Auditor's Report

To the Board of Directors of
Equality Virginia, Inc.

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Equality Virginia, Inc. (a nonprofit organization) and affiliates, which comprise the combined statement of assets, liabilities and net assets as of December 31, 2015, and the related combined statements of support, revenue, expenses, and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Equality Virginia, Inc. and its affiliates as of December 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental information on pages 11 – 13 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Meadow Urgent Care + Cook, LLP

June 28, 2016

Equality Virginia, Inc.

Combined Statement of Assets, Liabilities and Net Assets
December 31, 2015

Assets

Cash and cash equivalents	\$ 223,693
Accounts and grants receivable	62,885
Prepaid expenses	8,815

Total current assets 295,393

Deposit	1,000
Property and equipment, net	5,000

Total assets \$ 301,393

Liabilities and Net Assets

Accounts payable and accrued expenses	\$ 6,581
Unearned revenue	2,012
Funds held as agent	53,200

Total liabilities 61,793

Net assets - unrestricted	173,100
Net assets - temporarily restricted	66,500

Total net assets 239,600

Total liabilities and net assets \$ 301,393

Equality Virginia, Inc.

**Combined Statement of Support, Revenue, Expenses and Changes in Net Assets
Year Ended December 31, 2015**

Changes in unrestricted net assets:

Revenue and Public Support

Contributions/membership	\$ 141,600
Special events revenue, net	161,443
Grants received	79,767
Administrative/fundraising income	6,482
Interest and other	503

Total unrestricted revenue and public support 389,795

Net assets released from restrictions 50,000

Total unrestricted revenue and reclassifications 439,795

Expenses

Program services	329,341
Fundraising	62,433
Management and general	38,052

Total expenses 429,826

Total increase in unrestricted net assets 9,969

Changes in temporarily restricted net assets:

Grants received	66,500
Releases from restriction	(50,000)

Total increase in temporarily restricted net assets 16,500

Change in net assets 26,469

Net assets, beginning of year 213,131

Net assets, end of year \$ 239,600

See Notes to Combined Financial Statements.

Equality Virginia, Inc.

Combined Statement of Functional Expenses
Year Ended December 31, 2015

	Program Services	Fundraising	Management & General	Totals
Salaries	\$ 173,246	\$ 34,046	\$ 22,905	\$ 230,197
Payroll tax	13,810	2,714	1,826	18,350
Health benefits	11,752	2,309	1,554	15,615
Retirement	4,884	960	646	6,490
Personnel	203,692	40,029	26,931	270,652
Rent	17,372	3,414	2,297	23,083
Other	17,196	943	799	18,938
Travel	14,740	57	38	14,835
Bank & merchant card fees	8,390	1,649	1,109	11,148
Entertainment & catering	10,091	83	56	10,230
Fees	7,227	1,420	956	9,603
Professional fees	6,935	1,363	917	9,215
Advertising and website	6,646	1,306	879	8,831
Consulting expenses	6,021	1,183	796	8,000
Printing	3,756	4,156	4	7,916
Office	5,675	1,046	703	7,424
Business insurance	3,606	709	477	4,792
Postage	1,287	2,722	167	4,176
Telephone & internet	2,718	534	359	3,611
Space rental	3,393	-	-	3,393
Dues & subscriptions	2,521	231	498	3,250
Sponsorship	2,388	469	316	3,173
Board expenses	2,145	422	283	2,850
Technical support	1,805	355	238	2,398
Depreciation	1,285	253	170	1,708
Licenses & permits	433	85	57	575
Stipend	19	4	2	25
	<u>\$ 329,341</u>	<u>\$ 62,433</u>	<u>\$ 38,052</u>	<u>\$ 429,826</u>

See Notes to Combined Financial Statements.

Equality Virginia, Inc.

Combined Statement of Cash Flows
Year Ended December 31, 2015

Cash Flows from Operating Activities	
Change in net assets	\$ 26,469
Adjustments to reconcile the change in net assets to net cash provided by operating activities:	
Depreciation	1,708
(Increase) decrease in:	
Accounts and grants receivable	3,075
Prepaid expenses	(1,844)
Increase in:	
Accounts payable and accrued expenses	1,676
Unearned revenue	2,012
Funds held as agent	49,622
Net cash provided by operating activities	<u>82,718</u>
 Cash Flows from Investing Activities	
Purchases of property and equipment	<u>(964)</u>
Net cash used in investing activities	<u>(964)</u>
 Increase in cash	81,754
Cash and cash equivalents, beginning of year	<u>141,939</u>
Cash and cash equivalents, end of year	<u>\$ 223,693</u>

See Notes to Combined Financial Statements.

Equality Virginia, Inc.

Notes to Combined Financial Statements

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of the organization: Equality Virginia Inc., a 501(c)(3) charitable organization, is tasked with providing the research and educational foundation for EV's advocacy and to provide legal analysis and education on issues affecting Gay, Lesbian, Bisexual and Transgender (GLBT) Virginians.

A 501(c)(4) organization, Equality Virginia Advocates strives to be the premier organization for GLBT Virginia advancing a legislative and public policy agenda that will move Virginia towards Equality Virginia's vision.

Equality Virginia PAC, Inc. is a not-for-profit organization and is exempt from federal income tax under Section 527 of the Internal Revenue Code. The PAC was organized to accept contributions and make expenditures for political campaign activities.

A summary of the Organization's significant accounting policies follows:

Principles of combination: The accompanying financial statements of the "Organization" reflect the combined financial statements of Equality Virginia (EV), Equality Virginia Advocates (EVA), and Equality Virginia Political Action Committee, Inc. (PAC). All members of Equality Virginia's Advocate's board also serve on the boards of directors for Equality Virginia and Equality Virginia PAC, Inc. The organizations share common facilities and personnel.

Basis of accounting: The accompanying combined financial statements of the Organization are presented in accordance with the accrual basis of accounting, whereby, revenue and public support is recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the recommendations of The Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted amounts are those resources that can be used currently for the general operations of the Organization.

Temporarily restricted net assets include resources whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to these stipulations.

Permanently restricted net assets include resources whose use by the Organization is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization has no permanently restricted net assets.

Cash and cash equivalents: The Organization considers all short-term debt securities purchased with a maturity of three months or less and money market funds to be cash equivalents.

Concentrations of credit risk: Financial instruments, which potentially subject the Organization to concentration of credit risk, consist primarily of cash, accounts receivable and grants receivable. The Organization maintains its cash balances with financial institutions located in Richmond, Virginia. The Organization's cash deposits did not exceed the insurance limit of \$250,000 provided by the Federal Deposit Insurance Corporation (FDIC).

Equality Virginia, Inc.

Notes to Combined Financial Statements

Note 1 – Nature of Organization and Significant Accounting Policies (Continued)

Fair value of financial instruments: The carrying value of financial instruments, including cash equivalents, and receivables approximate fair value due to their short maturities.

Property and equipment: Acquisitions of property and equipment are recorded at cost or at estimated fair value at the date of gift, if donated. Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that don't improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the combined statement of support, revenue, expenses and changes in net assets. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. The Organization's policy is to capitalize property and equipment purchased with a cost greater than \$500. Depreciation is being provided on a straight-line basis over the following useful lives:

	<u>Years</u>
Furniture and fixtures	5
Donated equipment	3 - 5
Office equipment and computers	3 - 5

Public support and revenue: Contributions are generally available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years, if any, are reflected as long-term promises to give and recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for doubtful accounts is provided based on management's evaluation of potential uncollectible promises to give and accounts receivable at year end.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor 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 combined statement of support, revenue, expenses and changes in net assets as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Contributions of donated noncash assets, if any, are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Functional allocation of expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the combined statement of support, revenue, expenses and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services. The allocations are based primarily upon estimates of activities of personnel.

Equality Virginia, Inc.

Notes to Combined Financial Statements

Note 1 – Nature of Organization and Significant Accounting Policies (Continued)

Income taxes: The three organizations are exempt from federal and state income taxes as nonprofit organizations. As a result, the accompanying combined financial statements include no provision for income taxes.

Management evaluated the Organization's tax positions and concluded that the Organization had no uncertain tax positions that require adjustment to the combined financial statements to comply with the accounting standard on accounting for uncertainty in income taxes.

Equality Virginia, Inc. files an informational Form 990 in the U.S. federal jurisdiction. Generally, Equality Virginia, Inc. is no longer subject to income tax examinations by the U.S. federal authorities for years before 2013.

Equality Virginia Advocates files a Form 990-N which is an electronic notice.

Equality Virginia Political Action Committee, Inc. has not been required to file a return.

Use of estimates: The preparation 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 disclosure 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 and assumptions.

Advertising costs: The Organization expenses advertising costs as they are incurred. For 2015, advertising expense was \$8,831.

Note 2 – Property and Equipment

Major classes of property and equipment consist of the following:

Furniture and equipment	\$ 24,214
Less: accumulated depreciation	<u>(19,214)</u>
	<u><u>\$ 5,000</u></u>

Note 3 – Defined Contribution Plan

The Organization has a defined contribution plan for all employees who have attained the age of twenty-one and who have completed six months of service. Participants are fully vested upon entry into the plan. The contribution for each plan year is a 3% safe harbor amount. The Organization's retirement plan contribution expenses were \$6,490 for the year ended December 31, 2015.

Equality Virginia, Inc.

Notes to Combined Financial Statements

Note 4 – Lease Commitments

The Organization is obligated under an operating lease for its office. The Organization entered into a 36-month lease for their current location in March 2014. Monthly rent is \$1,629 and increases by 3.5% per annum. Additionally the Organization leases a photocopier with monthly payments of \$134 for 39 months. The agreement expires March 2019. Future lease commitments are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 22,429
2017	5,093
2018	1,602
2019	401

The total rent expense for 2015 was \$23,083.

Note 5—Subsequent Events

Subsequent events were evaluated through the date the combined financial statements were available to be issued which was June 28, 2016.

Supplementary Information

Equality Virginia, Inc.

Supplemental Schedule of Assets, Liabilities and Net Assets by Entity
December 31, 2015

	EV	EVA	PAC	Total
Assets				
Cash and cash equivalents	\$ 168,554	\$ 53,196	\$ 1,943	\$ 223,693
Accounts Receivable	62,885	-	-	62,885
Prepaid expenses	8,815	-	-	8,815
Total current assets	240,254	53,196	1,943	295,393
Deposit	1,000	-	-	1,000
Property and equipment, net	5,000	-	-	5,000
Total assets	\$ 246,254	\$ 53,196	\$ 1,943	\$ 301,393
Liabilities and Net Assets				
Accounts payable and accrued expenses	\$ 6,581	\$ -	\$ -	\$ 6,581
Unearned revenue	2,012	-	-	2,012
Funds held as agent	1,700	51,500	-	53,200
Total liabilities	10,293	51,500	-	61,793
Net assets - unrestricted	169,461	1,696	1,943	173,100
Net assets - restricted	66,500	-	-	66,500
Total liabilities and net assets	\$ 246,254	\$ 53,196	\$ 1,943	\$ 301,393

See Independent Auditor's Report.

Equality Virginia, Inc.

Supplemental Schedule of Support, Revenue, Expenses and Changes in Net Assets by Entity
Year Ended December 31, 2015

	EV	EVA	PAC	Subtotal	Eliminations	Total
Public support and revenues						
Contributions/membership	\$ 125,733	\$ 12,517	\$ 3,350	\$ 141,600	\$ -	\$ 141,600
Special events revenue, net	161,443	-	-	161,443	-	161,443
Grants (\$66,500 restricted)	79,767	-	-	79,767	-	79,767
Admin/fundraising income	6,482	-	-	6,482	-	6,482
Interest and other	503	-	-	503	-	503
	<u>373,928</u>	<u>12,517</u>	<u>3,350</u>	<u>389,795</u>	<u>-</u>	<u>389,795</u>
Net assets released from restrictions	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total unrestricted revenue and reclassifications	<u>423,928</u>	<u>12,517</u>	<u>3,350</u>	<u>439,795</u>	<u>-</u>	<u>439,795</u>
Expenses						
Personnel cost	264,010	6,024	618	270,652	-	270,652
Rent	23,083	-	-	23,083	-	23,083
Other	15,945	836	2,157	18,938	-	18,938
Travel	13,907	928	-	14,835	-	14,835
Bank & merchant card fees	11,071	14	63	11,148	-	11,148
Entertainment & Catering	9,770	460	-	10,230	-	10,230
Fees	4,601	4,202	800	9,603	-	9,603
Professional fees	9,215	-	-	9,215	-	9,215
Advertising and website	8,811	20	-	8,831	-	8,831
Consulting expenses	8,000	-	-	8,000	-	8,000
Printing	7,916	-	-	7,916	-	7,916
Office	5,860	1,564	-	7,424	-	7,424
Business insurance	3,763	1,029	-	4,792	-	4,792
Postage	3,868	308	-	4,176	-	4,176
Telephone & internet	3,611	-	-	3,611	-	3,611
Space rental	3,393	-	-	3,393	-	3,393
Dues & Subscriptions	3,250	-	-	3,250	-	3,250
Sponsorship	3,173	-	-	3,173	-	3,173
Board expenses	2,850	-	-	2,850	-	2,850
Technical Support	2,398	-	-	2,398	-	2,398
Depreciation	1,708	-	-	1,708	-	1,708
Licenses & permits	370	205	-	575	-	575
Stipend	25	-	-	-	-	25
	<u>410,598</u>	<u>15,590</u>	<u>3,638</u>	<u>429,801</u>	<u>-</u>	<u>429,826</u>
Increase in unrestricted net assets	<u>13,330</u>	<u>(3,073)</u>	<u>(288)</u>	<u>9,994</u>	<u>-</u>	<u>9,969</u>
Increase in temporarily restricted net assets	<u>16,500</u>	<u>-</u>	<u>-</u>	<u>16,500</u>	<u>-</u>	<u>16,500</u>
Increase (decrease) in net assets	<u>\$ 29,830</u>	<u>\$ (3,073)</u>	<u>\$ (288)</u>	<u>\$ 26,494</u>	<u>\$ -</u>	<u>\$ 26,469</u>

See Independent Auditor's Report.

Equality Virginia, Inc.

Supplemental Combined Schedule of Special Events

Year Ended December 31, 2015

The results of the Annual Dinner and other special events are as follows:

	Annual Dinner	Other	Total
Revenue	\$ 241,359	\$ 11,347	\$ 252,706
Cost of event	<u>91,263</u>	<u>-</u>	<u>91,263</u>
Net	<u>\$ 150,096</u>	<u>\$ 11,347</u>	<u>\$ 161,443</u>

The event revenues are generated from sponsors and ticket sales. Major expenses are the dinner and entertainment.

See Independent Auditor's Report.