
OUT & EQUAL

FINANCIAL STATEMENTS

December 31, 2007

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2006)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

Out & Equal

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CROSBY & KANEDACertified Public Accountants


Dedicated to Nonprofit Organizations

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e-mail: info@ckcpa.biz**INDEPENDENT AUDITORS' REPORT**Board of Directors
Out & Equal
San Francisco, California

We have audited the accompanying statement of financial position of Out & Equal (a nonprofit California corporation) as of December 31, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from Out & Equal's December 31, 2006 financial statements and, in our report, dated August 8, 2007; we expressed an unqualified opinion on those statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Out & Equal as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountants
Oakland, California
May 12, 2008

Out & Equal

Statement of Financial Position
December 31, 2007
(With Comparative Totals for December 31, 2006)

Assets	2007	2006
Current Assets		
Cash and cash equivalents	\$ 655,818	\$ 633,838
Certificates of deposit	329,553	-
Accounts receivable, net allowance for doubtful accounts	246,386	202,429
Grants receivable	10,000	-
Prepaid expenses	34,879	22,468
Total Current assets	<u>1,276,636</u>	<u>858,735</u>
Fixed assets (Note 3)	138,101	87,095
Deposits	<u>8,263</u>	<u>8,263</u>
Total Assets	<u>\$ 1,423,000</u>	<u>\$ 954,093</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	<u>\$ 167,490</u>	<u>\$ 131,167</u>
Total Liabilities	<u>167,490</u>	<u>131,167</u>
Commitments and contingencies (Notes 5 and 6)		
Net Assets		
Unrestricted	1,225,510	717,926
Temporarily restricted (Note 7)	30,000	105,000
Total Net assets	<u>1,255,510</u>	<u>822,926</u>
Total Liabilities and Net Assets	<u>\$ 1,423,000</u>	<u>\$ 954,093</u>

See Notes to the Financial Statements

Out & Equal

Statement of Activities
For the Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	Unrestricted	Temporarily Restricted	Totals	
			2007	2006
Support and Revenue				
Support				
Sponsorships	\$ 1,616,668	\$	\$ 1,616,668	\$ 1,294,865
Foundation grants	16,700	40,000	56,700	130,402
Contributions	66,419		66,419	38,323
In kind contributions (Note 9)	59,145		59,145	85,176
Total support	<u>1,758,932</u>	<u>40,000</u>	<u>1,798,932</u>	<u>1,548,766</u>
Conference fees	1,104,146		1,104,146	577,121
Fees	18,775		18,775	24,291
Exhibitor and program ads	36,500		36,500	37,294
Merchandising	7,214		7,214	8,037
Interest	31,549		31,549	15,727
Recovery of bad debt	14,707		14,707	-
Miscellaneous	538		538	6,380
Total revenue	<u>1,213,429</u>	<u>-</u>	<u>1,213,429</u>	<u>668,850</u>
Net assets released from donor restrictions: (Note 7)	115,000	(115,000)	-	-
Total Support and Revenue	<u>3,087,361</u>	<u>(75,000)</u>	<u>3,012,361</u>	<u>2,217,616</u>
Expenses				
Program	2,004,593		2,004,593	1,541,977
Management and general	403,055		403,055	312,111
Fundraising	172,129		172,129	138,548
Total Expenses	<u>2,579,777</u>	<u>-</u>	<u>2,579,777</u>	<u>1,992,636</u>
Change in net assets	507,584	(75,000)	432,584	224,980
Net Assets, beginning of year	717,926	105,000	822,926	597,946
Net Assets, end of year	<u>\$ 1,225,510</u>	<u>\$ 30,000</u>	<u>\$ 1,255,510</u>	<u>\$ 822,926</u>

See Notes to the Financial Statements

Out & Equal

Statement of Cash Flows
For the Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	2007	2006
Cash flows from operating activities:		
Change in net assets	\$ 432,584	224,980
Depreciation	42,121	18,724
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(43,957)	(60,739)
Grants receivable	(10,000)	
Prepaid expenses	(12,411)	(16,709)
Deposits	-	(6,984)
Accounts payable and accrued expenses	36,323	75,374
Net cash provided by operating activities	444,660	234,646
Cash flows from investing activities:		
Purchase of certificates of deposit	(329,553)	-
Purchase of equipment	(93,127)	(98,938)
Net cash used by investing activities	(422,680)	(98,938)
Net change in cash and cash equivalents	21,980	135,708
Cash and cash equivalents, beginning of year	633,838	498,130
Cash and cash equivalents, end of year	\$ 655,818	\$ 633,838

See Notes to the Financial Statements

Out & Equal

Statement of Functional Expenses
For the Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	Program Services							Totals		
	Communication	Summit	Training and Education	Network	Institute	Total Program	Management and General	Fundraising	2007	2006
Salaries	\$ 84,595	\$ 211,487	\$ 84,595	\$ 84,595	\$ 126,892	\$ 592,164	\$ 168,951	\$ 84,595	\$ 845,710	\$ 643,836
Payroll tax	7,053	17,631	7,053	7,053	10,579	49,369	13,974	7,053	70,396	44,860
Pension contributions	6,226	15,566	6,226	6,224	9,340	43,582	12,655	6,226	62,463	26,753
Other employee benefits	10,240	25,900	10,309	10,379	15,329	72,157	28,959	11,068	112,184	58,706
	108,114	270,584	108,183	108,251	162,140	757,272	224,539	108,942	1,090,753	774,155
Accounting fees						-	25,341		25,341	15,231
Legal fees						-	2,439		2,439	420
Supplies	1,002	162,983	40	2,961	251	167,237	23,865	756	191,858	177,310
Telephone	1,846	6,247	5,177	2,281	2,523	18,074	5,439	1,935	25,448	18,395
Postage	12,612	14,164	432	853	363	28,424	2,190	6,410	37,024	20,246
Occupancy	8,530	20,264	8,530	9,040	12,795	59,159	27,083	8,530	94,772	75,589
Equipment rental and maintenance	88					88	1,917		2,005	1,143
Printing and publications	6,360	41,851	110	4,160	32	52,513	4,978	16,584	74,075	81,772
Travel, meals and entertainment	4,160	59,580	7,943	3,257	1,004	75,944	29,298	4,967	110,209	115,890
Depreciation	3,745	9,363	3,745	3,745	5,618	26,216	12,160	3,745	42,121	18,724
Insurance	316	790	316	316	474	2,212	2,168	316	4,696	4,891
Dues, licenses, service fees		29,409	36	21		29,466	8,468	10,240	48,174	19,878
Other professional services	53,274	717,162	1,324	10,424	5,804	787,988	33,170	9,704	830,862	579,331
Staff training						-				10,500
Bad debt expense						-				51,837
Advertising						-				27,324
Total expenses	\$ 200,047	\$ 1,332,397	\$ 135,836	\$ 145,309	\$ 191,004	\$ 2,004,593	\$ 403,055	\$ 172,129	\$ 2,579,777	\$ 1,992,636

See Notes to the Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2006)

NOTE 1: NATURE OF ACTIVITIES

Out & Equal (the Organization) is a California nonprofit public benefit corporation, headquartered in San Francisco, California. The Organization provides a variety of services to companies, human resource professionals, employee resource groups (ERGs) and individuals.

The Organization champions safe and equitable workplaces for lesbian, gay, bisexual, and transgender (LGBT) people. It advocates building and strengthening successful organizations that value all employees, customers and communities.

The Organization has the following programs:

Training and Professional Development Department

The training and professional development department provides diversity training, educational resources and consulting services to encourage LGBT workplace equality in all sectors. Trainings are designed and tailored for a wide variety of audiences including community groups, corporations, small businesses, educational institutions, governmental agencies, and nonprofit organizations.

Communications Department

The communications department oversees the Organization's communications and outreach efforts to national and local media, volunteers, allies and the general public. Internally, the department, and provides support to the Executive Director and staff in the areas of speechwriting, publication production, and website content.

Out & Equal Institute

The Out & Equal Workplace Institute (the Institute) was founded to provide leadership in lesbian, gay, bisexual and transgender workplace equality by facilitating and encouraging the very best in LGBT workplace research and practice. Through the work of the Institute, the Organization aims to bring together the voices of workplace practices and scholarship to enhance the work of both.

Out & Equal Workplace Summit

The Out & Equal Workplace Summit (the Summit) provides individuals, human resources professionals, diversity managers, employee resource group (ERG) leaders, and allies the perfect platform from which to make powerful connections, share best practices, and formulate a strategy that allows for a powerful demonstration of their commitment to equality in the workplace. Held in a different city each year, the Summit provides attendees with all the information and resources they need to become a workplace that does not discriminate against LGBT people.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2006)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

The Organization reports 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. The Organization has no permanently restricted net assets.

Revenue Recognition

Contributions are recognized as revenue when received or unconditionally promised. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the California Revenue and Taxation Code Section 23701(d).

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

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.

Cash and Equivalents

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2006)

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment.

Functional Allocation of Expenses

The costs of providing the various programs and 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 benefited.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Prior Year Summarized Information

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, 2006 from which the summarized information was derived.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2007</u>	<u>2006</u>
Furniture and equipment	\$ 56,976	\$ 47,970
Computers and software	112,993	29,459
Leasehold improvements	34,076	33,490
Less accumulated depreciation	<u>(65,944)</u>	<u>(23,824)</u>
Total	<u>\$ 138,101</u>	<u>\$ 87,095</u>

NOTE 4: CONCENTRATION OF CREDIT RISK

Cash

The Organization maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 105 identifies these items as concentration of credit

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2006)

risk requiring disclosure regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

NOTE 5: COMMITMENTS

Operating Leases

The Organization is party to a lease for office space in San Francisco which expires in March, 2009. At December 31, 2007, future minimum operating lease payments were as follows for the years ending December 31:

2008	\$ 84,288
2009	<u>21,072</u>
Total	<u>\$ 105,360</u>

Rent for the years ended December 31, 2007 and 2006 was \$99,147 and \$75,588 respectively.

NOTE 6: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 7: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows as of December 31:

	<u>2007</u>	<u>2006</u>
Institute	\$ 10,000	\$ 70,000
Networks	-	20,000
Career Link	20,000	-
NY Affiliate	<u>-</u>	<u>15,000</u>
Total	<u>\$ 30,000</u>	<u>\$ 105,000</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2006)

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the year ended December 31:

	<u>2007</u>	<u>2006</u>
Institute	\$ 80,000	\$ 10,000
Networks	20,000	-
Scholarship Summit	15,000	1,500
Community and Donor	<u>-</u>	<u>18,000</u>
Total	<u>\$ 115,000</u>	<u>\$ 29,500</u>

NOTE 8: PENSION

The Organization has a defined contribution plan as established under Internal Revenue Code Section 401(k) (the Plan). The Organization matches 100% of employee contributions to the plan up to \$3,000 per year, and the Board determines a percentage contribution each year. Employees receive 40% of the percentage contribution after one full year of employment, 60% after two full years of employment and 100% after three full years of employment. Total contributions were \$62,423 and \$26,753 for the years ended December 31, 2007 and 2006 respectively.

NOTE 9: IN KIND SUPPORT

The Organization received in kind support consisting of:

Donated equipment	\$ 28,000
Auction items	<u>31,145</u>
Total	<u>\$ 59,145</u>