
OUT & EQUAL

FINANCIAL STATEMENTS

December 31, 2009

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2008)

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, 2009, and the related statements of activities, cash flows, and functional expenses 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, 2008 financial statements and, in our report, dated June 30, 2009; 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, 2009, 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
April 8, 2010

Out & Equal

Statement of Financial Position
December 31, 2009
(With Comparative Totals for December 31, 2008)

	<u>2009</u>	<u>2008</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 635,101	\$ 648,021
Certificates of deposit	-	339,795
Accounts receivable, net allowance for doubtful accounts	95,292	102,596
Grants receivable	105,699	-
Inventory	6,200	-
Prepaid expenses	53,950	50,761
Total current assets	<u>896,242</u>	<u>1,141,173</u>
Property and equipment (Note 3)	76,186	122,177
Deposits	17,762	19,041
Other assets	<u>11,800</u>	<u>-</u>
Total Assets	<u>\$ 1,001,990</u>	<u>\$ 1,282,391</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 156,267	\$ 182,179
Deferred revenue	<u>114,075</u>	<u>85,000</u>
Total Liabilities	<u>270,342</u>	<u>267,179</u>
Commitments (Note 4)		
Net Assets		
Unrestricted	<u>731,648</u>	<u>1,015,212</u>
Total Net assets	<u>731,648</u>	<u>1,015,212</u>
Total Liabilities and Net Assets	<u>\$ 1,001,990</u>	<u>\$ 1,282,391</u>

See Notes to the Financial Statements

Out & Equal

**Statement of Activities
For the Year Ended December 31, 2009
(With Comparative Totals for the Year Ended December 31, 2008)**

	2009	2008
Support and Revenue		
Support		
Sponsorships	\$ 1,501,243	\$ 1,904,295
Foundation grants	55,258	41,936
Contributions	72,549	84,726
Events		
Admission	28,862	
Auction purchases	34,355	
Less direct costs	(102,187)	
	(38,970)	-
In kind support (Note 7)	272,755	215,207
Total support	1,862,835	2,246,164
Summit	893,391	1,135,693
Training and affiliate events	62,446	77,833
Exhibitor and program ads	9,969	85,813
Merchandising	-	4,206
Interest	6,828	23,151
Gain on investment	6,809	(55,247)
Miscellaneous	1,435	28,228
Total revenue	980,878	1,299,677
Total Support and Revenue	2,843,713	3,545,841
Expenses		
Program	2,242,962	2,277,342
Management and administrative	446,192	706,807
Fundraising	438,123	634,490
Total Expenses	3,127,277	3,618,639
Change in net assets	(283,564)	(72,798)
Net Assets, beginning of year	1,015,212	1,088,010
Net Assets, end of year	\$ 731,648	\$ 1,015,212

See Notes to the Financial Statements

Out & Equal

**Statement of Cash Flows
For the Year Ended December 31, 2009
(With Comparative Totals for the Year Ended December 31, 2008)**

	2009	2008
Cash flows from operating activities:		
Change in net assets	\$ (283,564)	(72,798)
Depreciation	48,493	49,916
(Gain) Loss on investment	(6,809)	55,247
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	7,304	143,790
Pledges receivable	(105,699)	10,000
Inventory	(6,200)	-
Prepaid expenses	(3,189)	(15,882)
Deposits	1,279	(10,778)
Other assets	(11,800)	-
Accounts payable and accrued expenses	(25,912)	14,689
Deferred revenue	29,075	(82,500)
Net cash provided (used) by operating activities	(357,022)	91,684
Cash flows from investing activities:		
Purchase of certificates of deposit	-	(10,242)
Redemption of certificates of deposit	346,604	
Purchase of investment	-	(55,247)
Purchase of equipment	(2,502)	(33,992)
Net cash provided (used) by investing activities	344,102	(99,481)
Net change in cash and cash equivalents	(12,920)	(7,797)
Cash and cash equivalents, beginning of year	648,021	655,818
Cash and cash equivalents, end of year	\$ 635,101	\$ 648,021

See Notes to the Financial Statements

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Statement of Functional Expenses
Year Ended December 31, 2009
(With Comparative Totals for Year Ended December 31, 2008)

	Program	General and administrative	Fundraising	Total	
				2009	2008
Salaries	\$ 703,230	\$ 118,013	\$ 238,393	\$ 1,059,636	\$ 1,096,897
Payroll taxes	57,977	2,432	19,575	79,984	82,423
Retirement benefits	61,570	8,567	20,788	90,925	83,764
Other employee benefits	110,258	15,478	40,370	166,106	162,383
	<u>933,035</u>	<u>144,490</u>	<u>319,126</u>	<u>1,396,651</u>	<u>1,425,467</u>
Accounting	-	42,785	-	42,785	32,179
Advertising	-	5,411	-	5,411	48,347
Legal	-	46,921	-	46,921	10,288
Supplies	3,943	14,891	4,504	23,338	34,903
Telephone and internet	37,253	3,098	5,907	46,258	41,975
Postage and mailing	6,610	1,172	3,573	11,355	25,454
Occupancy	126,552	16,171	42,728	185,451	155,434
Equipment and maintenance	-	12,280	-	12,280	11,873
Printing and reproduction	45,767	-	10,060	55,827	198,372
Travel	73,790	28,818	3,015	105,623	173,848
Training and conferences	-	-	-	-	27,339
Depreciation	32,759	4,293	11,441	48,493	49,916
Insurance	3,656	1,130	1,234	6,020	5,995
Contract services	960,986	81,506	35,064	1,077,556	1,273,883
Fees, licenses, memberships	16,217	35,507	671	52,395	78,929
Miscellaneous	2,394	7,719	800	10,913	24,437
Total expenses	<u>\$ 2,242,962</u>	<u>\$ 446,192</u>	<u>\$ 438,123</u>	<u>\$ 3,127,277</u>	<u>\$ 3,618,639</u>

See Notes to the Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

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, 2009 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

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 temporarily and 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, 2009 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

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.

Fair Value of Financial Instruments

The fair values of financial instruments represent the quoted marked prices for similar assets or liabilities in active markets.

Deferred Revenue

Deferred revenue reflects amounts received from corporations to sponsor the subsequent Annual Summit.

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 to 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, 2008 from which the summarized information was derived.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2009</u>	<u>2008</u>
Furniture and equipment	\$ 68,702	\$ 68,007
Computers and software	132,485	131,286
Leasehold improvements	34,076	34,076
Less accumulated depreciation	<u>(159,077)</u>	<u>(111,192)</u>
Total	<u>\$ 76,186</u>	<u>\$ 122,177</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

NOTE 4: COMMITMENTS

Operating Leases

The Organization is party to a lease for office space in San Francisco which expires in December, 2011. At December 31, 2009, future minimum operating lease payments were as follows for the years ending December 31:

2010	\$ 213,144
2011	<u>219,240</u>
Total	<u>\$ 432,384</u>

Rent for the years ended December 31, 2009 and 2008 was \$185,450 and \$85,434 respectively.

NOTE 5: 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 risk requiring disclosure regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

NOTE 6: 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 \$90,925 and \$83,763 for the years ended December 31, 2009 and 2008 respectively.

NOTE 7: IN KIND SUPPORT

The Organization received in kind support consisting of the following for the year ended December 31:

	<u>2009</u>	<u>2008</u>
Conference site expenses	\$ 90,000	\$ 70,000
Advertising for summit	-	30,000
Legal services	40,000	-
Internet cafe at summit	10,000	16,000
Research	30,000	30,000

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)**

Airline tickets	28,400	15,000
Equipment	-	9,000
Printing	40,000	-
Conference registrations at collaborative organizations	-	15,000
Auction items	<u>34,355</u>	<u>30,207</u>
Total	<u>\$ 272,755</u>	<u>\$ 215,207</u>

NOTE 8: JOINT COSTS OF ACTIVITIES THAT INCLUDED FUND RAISING APPEALS

The Organization engaged in a number of activities, such as newsletters, that included a fundraising appeal. As a result, the costs of these activities were allocated between fundraising, program and management and general services as follows for the year ended December 31:

	<u>2009</u>	<u>2008</u>
Costs allocated to program activities	\$ 209,830	\$ 187,197
Costs allocated to fundraising activities	16,350	14,587
Costs allocated to management and general	<u>46,326</u>	<u>38,898</u>
Total	<u>\$ 272,506</u>	<u>\$ 240,682</u>