



EQUALITY NOW, INC.
Combined Financial Statements
December 31, 2019
(With Summarized Financial Information for 2018)
With Independent Auditor's Report

Equality Now Inc.
Table of Contents
December 31, 2019
(With Summarized Financial Information for 2018)

Independent Auditor's Report	1-2
Financial Statements	
Combined Statements of Financial Position	3
Combined Statements of Activities and Changes in Net Assets	4
Combined Statements of Functional Expenses	5
Combined Statements of Cash Flows	6
Notes to Combined Financial Statements	7-15

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Equality Now, Inc.:

We have audited the accompanying combined financial statements of Equality Now, Inc. (a nonprofit organization), which comprise the combined statement of financial position as of December 31, 2019, and the related combined statements of activities 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 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 combined 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 did not audit the financial statements of Equality Now (London Office) or Equality Now (Nairobi Office) which statements reflect total assets constituting 11% of total assets at December 31, 2019 and 16% of total revenues for the year then ended. Those statements, which were prepared in accordance with The Financial Reporting Standards Applicable in the United Kingdom and Republic of Ireland (FRS) and International Financial Reporting Standards as issued by the International Accounting Standards Board, were audited by other auditors, whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of Equality Now (London Office) and Equality Now (Nairobi Office), which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for Equality Now (London Office) and Equality Now (Nairobi Office), prior to those conversion adjustment, is based solely on the report of the other auditors. 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 of 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 financial position of Equality Now, Inc., as of December 31, 2019, 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.

Report on Summarized Comparative Information

We have not previously audited Equality Now, Inc.'s 2018 combined financial statements, and we express no opinion on those audited combined financial statements. The combined financial statements as of December 31, 2018 and for the year then ended were audited by Grassi & Co., CPAs, P.C. and whose report dated January 26, 2020 expressed an unmodified opinion on those combined financial statements.

Withum Smith + Brown, PC

November 9, 2020

Equality Now, Inc.
Combined Statements of Financial Position
(With Summarized Comparative Totals)
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,848,250	\$ 1,674,005
Investments	3,940,418	5,085,511
Grants and contributions receivable	6,856,282	4,210,958
Other assets	<u>116,453</u>	<u>129,840</u>
Total current assets	12,761,403	11,100,314
Property and equipment, net	<u>55,140</u>	<u>100,472</u>
Total assets	<u>\$ 12,816,543</u>	<u>\$ 11,200,786</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	<u>\$ 345,790</u>	<u>\$ 330,033</u>
Net assets		
Without donor restriction	5,614,096	5,355,493
With donor restriction	<u>6,856,657</u>	<u>5,515,260</u>
Total net assets	<u>12,470,753</u>	<u>10,870,753</u>
Total liabilities and net assets	<u>\$ 12,816,543</u>	<u>\$ 11,200,786</u>

The Notes to Combined Financial Statements are an integral part of these statements.

Equality Now, Inc.
Combined Statements of Activities and Changes in Net Assets
Year Ended December 31, 2019
(With Summarized Financial Information for 2018)

	2019			2018
	Without Donor Restriction	With Donor Restriction	Total	Total
Support and revenue				
Contributions and grants	\$ 1,955,693	\$ 5,315,774	\$ 7,271,467	\$ 5,273,278
Contributions - donated services	219,285	-	219,285	752,450
Special event revenue	635,757	-	635,757	1,149,934
Less: Direct costs of special event	(202,159)	-	(202,159)	(202,346)
Net proceeds from special events	433,598	-	433,598	947,588
Investment return, net	397,745	-	397,745	(7,083)
Other income	43,892	-	43,892	179,383
Net assets released from restrictions	3,974,377	(3,974,377)	-	-
Total support and revenue	7,024,590	1,341,397	8,365,987	7,145,616
Expenses				
Program services	5,045,082	-	5,045,082	5,630,890
Management and general	1,071,051	-	1,071,051	1,019,315
Fundraising	642,864	-	642,864	705,090
Total expenses	6,758,997	-	6,758,997	7,355,295
Changes in net assets from operations	265,593	1,341,397	1,606,990	(209,679)
Non-operating activities				
Foreign currency translation adjustment	(6,990)	-	(6,990)	(141,914)
Rescission of grant award	-	-	-	(1,656,744)
	(6,990)	-	(6,990)	(1,798,658)
Changes in net assets	258,603	1,341,397	1,600,000	(2,008,337)
Net assets				
Beginning of year	5,355,493	5,515,260	10,870,753	12,879,090
End of year	\$ 5,614,096	\$ 6,856,657	\$ 12,470,753	\$ 10,870,753

The Notes to Combined Financial Statements are an integral part of these statements.

Equality Now, Inc.
Combined Statements of Functional Expenses
Year Ended December 31, 2019
(With Summarized Financial Information for 2018)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2019 Total Expenses</u>	<u>2018 Total Expenses</u>
Salaries and wages	\$ 2,273,569	\$ 546,651	\$ 285,749	\$ 3,105,969	\$ 3,261,360
Professional services	637,655	153,316	80,142	871,113	301,569
Grants	590,491	-	-	590,491	633,862
Occupancy and utilities	215,098	51,718	27,034	293,850	280,560
Travel and convenings	642,402	154,457	80,739	877,598	1,015,948
Office services	78,257	18,817	9,836	106,910	187,411
Dues, subscriptions and fees	86,842	20,880	10,915	118,637	113,483
Bad debt expense	-	-	82,997	82,997	-
Direct costs of special events	-	-	202,159	202,159	202,346
Consultants	478,982	115,165	60,200	654,347	1,525,327
Depreciation expenses	41,786	10,047	5,252	57,085	35,775
	<u>5,045,082</u>	<u>1,071,051</u>	<u>845,023</u>	<u>6,961,156</u>	<u>7,557,641</u>
Less: Direct costs of special events offset against revenue	<u>-</u>	<u>-</u>	<u>(202,159)</u>	<u>(202,159)</u>	<u>(202,346)</u>
	<u>\$ 5,045,082</u>	<u>\$ 1,071,051</u>	<u>\$ 642,864</u>	<u>\$ 6,758,997</u>	<u>\$ 7,355,295</u>

The Notes to Combined Financial Statements are an integral part of these statements.

Equality Now, Inc.
Combined Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating activities		
Changes in net assets	\$ 1,600,000	\$ (2,008,337)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	57,085	35,775
Bad debt expense	82,997	-
Donated securities	(56,561)	-
Net realized gain on investments	(75,458)	(88,793)
Net unrealized (gains)/ losses on investments	(254,509)	145,498
Rescinded grant	-	1,656,744
Changes in certain assets and liabilities		
Grants and contributions receivable	(2,728,321)	582,866
Other assets	13,387	(68,919)
Accounts payable and accrued expenses	15,757	149,347
Net cash provided by (used in) operating activities	<u>(1,345,623)</u>	<u>404,181</u>
Investing activities		
Proceeds from sale of investments	1,600,000	2,127,331
Purchases of investments	(68,379)	(3,974,422)
Purchases of property and equipment	<u>(11,753)</u>	<u>(22,938)</u>
Net cash provided by (used in) investing activities	<u>1,519,868</u>	<u>(1,870,029)</u>
Net change in cash and cash equivalents	174,245	(1,465,848)
Cash and cash equivalents		
Beginning of year	<u>1,674,005</u>	<u>3,139,853</u>
End of year	<u>\$ 1,848,250</u>	<u>\$ 1,674,005</u>

There was no amount paid for interest or income taxes for the years ended December 31, 2019 and 2018.

The Notes to Combined Financial Statements are an integral part of these statements.

Equality Now, Inc.
Notes to Combined Financial Statements
December 31, 2019 and 2018

1. NATURE OF THE ORGANIZATION

Equality Now, Inc. is an international human rights organization, with offices in New York, London, and Nairobi, dedicated to achieving legal and systemic change that addresses violence and discrimination against women and girls around the world. Equality Now, Inc. advocates for the human rights of women and girls through: international advocacy; awareness-raising in the media; partnerships and coalition building; strengthening international and regional human rights law, standards and mechanisms and conducting strategic litigation. Equality Now, Inc. is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws. Equality Now (London Office) is a separate organization registered as a charity in England and Wales. Equality Now (Africa Office) is registered as a non-profit organization in Kenya. The Organization receives its major sources of revenue from foundation grants and individual donors.

Description of Program Activities

End Sexual Violence

Sexual violence is perpetrated around the world on girls and women of all ages and all backgrounds. The Organization works to ensure that systems and laws are in place to effectively address sexual violence through proper investigation, prosecution and punishment of perpetrators.

End Harmful Practices

The Organization works to eradicate harmful traditional practices, such as female genital mutation and child marriage, through supporting grassroots activists and organizations in establishing and implementing appropriate strategies to eradicate these practices globally, including through advocating for enactment and enforcement of laws banning such practices.

End Sex Trafficking

The Organization works to end the sex trafficking of women and girls by ensuring that the experiences of survivors of sex trafficking inform policies and legislation. The Organization works closely with survivors of the commercial sex trade, organizations addressing sex trafficking at local and national levels, government officials and United Nations' representatives, to achieve these goals in accordance with national and international laws.

Legal Equality

Believing that equal treatment of women and men under the law is necessary for women and girls to realize their full potential and enjoy equal rights and opportunities with men, the Organization works for the repeal of all laws that discriminate against women in accordance with international and regional human rights standards, and for women's access to justice at all levels.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Combination

All of the above organizations have been combined in these financial statements due to financial interdependence, control through overlapping boards of directors and the mutual work done together to achieve the same overarching goal. Collectively the organizations are known as the "Organization" in the combined financial statements. All intercompany transactions have been eliminated.

Basis of Accounting

The combined financial statements of the Organization are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenue is recognized when earned and expenses and costs are recognized when incurred.

Equality Now, Inc.
Notes to Combined Financial Statements
December 31, 2019 and 2018

Financial Statement Presentation

The combined 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's combined financial statements for the year ended December 31, 2018, from which the summarized information was derived. The combined statement of activities and changes in net assets includes operating and non-operating classifications. Non-operating classification includes foreign translation gain (loss) and the rescission of a grant award.

Classification of Net Assets

Net assets without donor restriction: Includes resources that have not been restricted by an outside donor, and are, therefore, available for use in carrying out the general operations of the Organization.

Net assets with donor restriction: Includes resources that have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with an initial maturity of three months or less to be cash equivalents. At December 31, 2019 and 2018, cash and cash equivalents consist of monies held in checking and savings accounts.

Revenue Recognition and Contributions and Grants Receivable

Contributions are recognized when the donor makes a contribution or promise to give ("pledge") to the Organization that is, in substance, unconditional. Contributions received are recorded as support with or without donor restriction depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, the net assets are reclassified to net assets without donor restrictions. Special event revenue is recognized when the event is held.

Grants and contributions receivable are stated at unpaid balances. The Organization determines whether an allowance for doubtful accounts should be provided for grants and contributions receivable. Such estimates are based on management's assessment of the aged basis of the receivables, current economic conditions and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables. The Organization has not recorded an allowance for doubtful accounts for grants and contributions receivable at December 31, 2019 and 2018.

Donated Goods and Services

Donations of services are recognized by the Organization as both revenue and expense in the accompanying combined statements of activities and changes in net assets, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The fair value of donated goods and services, which included consulting, legal services and goods, were \$219,285 for 2019 and \$752,450 for 2018.

Equality Now, Inc.
Notes to Combined Financial Statements
December 31, 2019 and 2018

Investments

Investments are reported at fair value, which is determined by using quoted market process, when available. Equities are valued at the closing price reported on the active market on which the individual securities are traded. Money funds are valued at the daily closing price as reported by the fund. Corporate, government and municipal bonds and certificates of deposit are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, these bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the combined statements of activities and changes in net assets as increases or decreases in net assets without donor restriction unless the use was restricted by explicit donor stipulations or by law. Donated investments are recorded at the fair value at the date of receipt.

Financial Instruments

The carrying values of the Organization's financial instruments as of December 31, 2019 and 2018 include cash and cash equivalents, grants and contributions receivable and accounts payable and approximate their fair values due to the relatively short maturity of these instruments.

Commitments and Contingencies

The Organization is obligated for office space for its New York headquarters and its Nairobi and London offices, under operating leases that expire through 2023. The Organization also rents office equipment under leases which expire in 2021. The related future minimum rentals, exclusive of real estate tax escalation charges, are approximately as follows:

Rental expense under the above lease obligations including utilities was approximately \$293,850 for 2019 and \$280,560 for 2018.

Income Taxes

Equality Now, Inc. qualifies as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code in the United States of America. The Organization is also exempt from state and local income taxes.

The Organization has evaluated the likelihood of their tax-exempt status being challenged as remote. Accordingly, the Organization has not included any income tax provisions or any potential liabilities for taxes on unrelated business income, including interest and penalties, in the combined financial statements related to potential violations of their tax-exempt status. There are no income tax related interest or penalties reflected in these combined financial statements.

Equality Now (London Office) and Equality Now (Africa Office) are registered charities in each country they operate in and are not subject to income taxes in those jurisdictions.

Functional Allocation of Expenses

Expenses by function have been allocated among program and supporting classifications on the basis of time records and estimates made by management.

Equality Now, Inc.
Notes to Combined Financial Statements
December 31, 2019 and 2018

Grant expense is directly charged to program services based. Bad debt expense is directly charged to fundraising expense. All other expenses are allocated based on the salaries of the staff working on each of the functional categories as this provides a reasonable benefit that each functional component derived from these expenses.

Estimates

The preparation of combined 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 combined financial statements and the reported amounts of the revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements Adopted in Current Year

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. This was implemented during 2019 and the Organization has adjusted the presentation in these combined financial statements accordingly. The amendments have been applied using the modified retrospective method to all periods presented with no effect on net assets.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to contributions received in the accompanying combined financial statements under a modified prospective basis during 2019. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

New Accounting Pronouncements Issued Not Yet Effective

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires the recognition of a “right to use” asset and a lease liability, initially measured at the present value of the lease payments, on the combined statement of financial position for all of the Organization’s lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021.

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, which is effective for fiscal years beginning after December 15, 2020, requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions will now use forward-looking information to better inform their credit loss estimates.

Equality Now, Inc. is currently evaluating the effect that these pronouncements will have on its combined financial statements and related disclosures.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year’s presentation. This reclassification has no effect on changes in net assets with or without donor restriction. A reclassification to present foreign transaction gain (loss) in the combined statement of activities and changes in net assets as a non-operating activities component was made with no effect on net assets at December 31, 2018.

Equality Now, Inc.
Notes to Combined Financial Statements
December 31, 2019 and 2018

Concentrations of Credit Risk

The Organization places its cash with high credit quality financial institutions. At times, such amounts may exceed the current insured amount under the Federal Deposit Insurance Corporation. The Organization monitors the financial condition of the banking institutions, along with their cash balances, to minimize this risk. The Organization maintains various bank accounts in Europe and Africa that are not insured. Management believes that credit risk related to these accounts is minimal.

At December 31, 2019, two contributors accounted for 58% of grants and contributions receivable.

Foreign Currency Translation

The assets and liabilities of Equality Now (London Office), which are recorded in British Pounds (GBP), are translated to U.S. Dollars (USD) using the exchange rate in effect at the date of the combined statements of financial position. Revenues, expenses, gains and losses are translated using the average exchange rate for the year. Gains or losses on foreign currency translation are recognized in the accompanying combined financial statements. The exchange rates utilized for the combined statements of financial position at December 31, 2019 and 2018 was .758 and .787 USD/GBP, respectively. The average exchange rate utilized to translate revenues, expenses, gains, and losses relating to 2019 and 2018 was .783 and .752 USD/GBP, respectively.

The assets and liabilities of Equality Now (Africa Office), which are recorded in Kenyan Shillings (KES), are translated to U.S. Dollars (USD) using the exchange rate in effect at the date of the statements of financial position. Revenues, expenses, gains and losses are translated using the average exchange rate for the year. Gains or losses on foreign currency translation are recognized in the accompanying combined financial statements. The exchange rate utilized for the combined statements of financial position at December 31, 2019 and 2018 was 103.375 and 100 USD/KES, respectively. The average exchange rate utilized to translate revenues, expenses, gains, and losses relating to 2019 was 100.347 and 100 USD/KES, respectively.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation and amortization. The Organization capitalizes property and equipment with a useful life of three years or more and a cost of \$3,500 or more. Depreciation and amortization are provided using the straight-line method in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives. Leasehold improvements are amortized over the shorter of their useful lives or the term of the lease.

<u>Description</u>	<u>Estimated Useful Lives (Years)</u>
Office furniture and fixtures	10
Office equipment	4-5
Software	3
Website	3

Equality Now, Inc.
Notes to Combined Financial Statements
December 31, 2019 and 2018

3. LIQUIDITY AND AVAILABILITY

As of December 31, 2019 and 2018, the Organization's financial assets available for general expenditures within one year of the combined statement of financial position date consist of the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,848,249	\$ 1,674,005
Investments	3,940,418	5,085,511
Contributions and grants receivable	<u>6,856,283</u>	<u>4,210,958</u>
Total financial assets	12,644,950	10,970,474
Less: Contractual or donor-imposed restrictions:		
Net assets with donor restrictions	<u>(6,856,657)</u>	<u>(5,515,260)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,788,293</u>	<u>\$ 5,455,214</u>

Contributions and grants are received annually to support the program operations. The Organization normally looks to have six months of liquid assets available to fund program activities.

4. FAIR VALUE MEASUREMENTS

Equality Now, Inc. has reviewed investments within the framework for measuring fair value which establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach are used to measure fair value. There have been no changes in the methods used to value the investments during 2019 or 2018.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities Equality Now, Inc. has the ability to access.

Level 2 - inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 - inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Equality Now, Inc.
Notes to Combined Financial Statements
December 31, 2019 and 2018

The following tables provide the fair value of investments as of December 31, 2019 and 2018:

Asset Class	2019			
	Total	Level 1	Level 2	Level 3
Money funds	\$ 127,261	\$ 127,261	\$ -	\$ -
Equities	1,215,992	1,215,992	-	-
Certificates of deposit	555,999	-	555,999	-
Corporate bonds	812,510	-	812,510	-
U.S. Government and municipal bonds	1,228,656	-	1,228,656	-
	<u>\$ 3,940,418</u>	<u>\$ 1,343,253</u>	<u>\$ 2,597,165</u>	<u>\$ -</u>

Asset Class	2018			
	Total	Level 1	Level 2	Level 3
Money funds	\$ 1,136,561	\$ 1,136,561	\$ -	\$ -
Equities	947,222	947,222	-	-
U.S. Government bonds	1,940,965	-	1,940,965	-
Certificates of deposit	1,060,763	-	1,060,763	-
	<u>\$ 5,085,511</u>	<u>\$ 2,083,783</u>	<u>\$ 3,001,728</u>	<u>\$ -</u>

5. INVESTMENT RETURN, NET

Investment return, net, for the years ended December 31, was:

	2019	2018
Interest and dividends	\$ 105,672	\$ 87,253
Realized gains on investments	75,458	88,793
Unrealized gains (losses) on investments	254,509	(145,498)
	435,639	30,548
Less: Investment expenses	(37,894)	(37,631)
Investment return, net	<u>\$ 397,745</u>	<u>\$ (7,083)</u>

6. GRANTS AND CONTRIBUTIONS RECEIVABLE

The grants and contributions receivable consisted of the following as of December 31:

	2019	2018
Less than one year	\$ 4,006,211	\$ 2,520,354
One to five years	2,953,050	1,780,611
	6,959,261	4,300,965
Less: Present value discount - 2.50%	(102,979)	(90,007)
Total contributions and grant receivable, net	<u>\$ 6,856,282</u>	<u>\$ 4,210,958</u>

Equality Now, Inc.
Notes to Combined Financial Statements
December 31, 2019 and 2018

Grants and contributions payments are expected to be: 2020 - \$4,006,211; 2021 - \$703,050; 2022 - \$1,250,000; 2023 - \$1,000,000.

7. PROPERTY AND EQUIPMENT

The property and equipment, net consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Office furniture and fixtures	\$ 35,157	\$ 37,571
Office equipment	21,482	66,267
Leasehold improvements	2,760	6,518
Software	-	2,830
Website	<u>41,407</u>	<u>62,947</u>
	100,806	176,133
Less: Accumulated depreciation and amortization	<u>(45,666)</u>	<u>(75,661)</u>
	<u>\$ 55,140</u>	<u>\$ 100,472</u>

Depreciation and amortization expenses amounted to \$57,085 and \$35,775 for the years ended December 31, 2019 and 2018, respectively.

8. BENEFICIAL INTEREST IN TRUST

The Organization is a beneficiary of a charitable lead annuity trust that provides for annual payments of \$7,142. The present value of the trust was \$64,270 and \$69,670 at December 31, 2019 and 2018, respectively and is included in grants and contributions receivable.

9. NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction consist of unspent funds for grantor and donor specified purposes for programs and services. Assets are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Program restrictions	\$ 3,106,657	\$ 3,825,398
Time restrictions	<u>3,750,000</u>	<u>1,689,862</u>
	<u>\$ 6,856,657</u>	<u>\$ 5,515,260</u>

Net assets were released from restrictions by incurring expenses satisfying the following:

	<u>2019</u>	<u>2018</u>
Program restrictions	\$ 2,348,785	\$ 5,333,014
Time restrictions	<u>1,625,592</u>	<u>1,183,443</u>
	<u>\$ 3,974,377</u>	<u>\$ 6,516,457</u>

Equality Now, Inc.
Notes to Combined Financial Statements
December 31, 2019 and 2018

10. RELATED PARTY TRANSACTIONS

For the years ended December 31, 2019 and 2018, \$52,500 and \$50,656, respectively, in funds were received from the Organization's board members and are included in other contributions on the combined statements of activities and changes in net assets.

11. RETIREMENT PLAN COSTS

United States

The Organization has adopted a 401(k) retirement plan effective February 2015. All employees become eligible to participate in the voluntary plan, six months from the date of hire. The Organization contributes a maximum of up to 4% of the employee's annual contribution as follows: 100% of the first 3% and 50% of the next 2%. For the years ended December 31, 2019 and 2018, contributions to the plan totaled \$32,731 and \$46,098, respectively.

United Kingdom

The Organization has adopted a defined contribution plan for its employees who become eligible three months from date of hire. The Organization contributed 4% in 2019 and 3.5% in 2018 of employee's gross salary only for employees who match the contribution. For the years ended December 31, 2019 and 2018, contributions to the plan totaled \$30,668 and \$30,516, respectively.

Kenya

The Organization has adopted a defined contribution plan for its employees who become eligible after six months from date of hire. The Organization contributes 3% of employee's gross salary only for employees who match the contribution. For the years ended December 31, 2019 and 2018, contributions to the plan totaled \$48,145 and \$46,707, respectively.

The Organization also contributes to a statutory defined contribution plan, the National Social Security Fund ("NSSF"). Employee contributions are determined by a local statute and are currently limited to approximately \$2 per employee, per month, with the Organization contributing a matching amount. For the years ended December 31, 2019 and 2018, contributions to the plan totaled \$623 and \$589, respectively.

12. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the combined statements of financial position date through the date of November 9, 2020, which is the date the combined financial statements were available to be issued. Based on this evaluation, Equality Now, Inc. has determined that the following subsequent events have occurred, which require disclosure in the combined financial statements.

The current outbreak of a novel strain of coronavirus (COVID-19) is significantly impacting businesses across the world. While the duration of business interruption from this outbreak and related financial impact cannot be reasonably estimated at this time, financial results may be adversely affected in 2020. The extent to which the coronavirus impacts operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

The Organization received a Paycheck Protection Program ("PPP") loan under the Coronavirus aid, Relief and Economic Security Act (the "CARES Act") in May 2020 in the amount of \$250,007. The loan bears interest at 1% after a six-month deferment period. In accordance with the provisions of the PPP program under CARES Act, loan amounts may be forgiven if the associated spending is in accordance with the requirements.