

OutRight Action International, Corp.

Audited Financial Statements

June 30, 2023

OutRight Action International, Corp.

Audited Financial Statements

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Independent Auditor's Report

Board of Directors of
OutRight Action International, Corp.

Opinion

We have audited the accompanying financial statements of OutRight Action International, Corp. ("Outright"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Outright as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Outright and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Outright's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 internal control of Outright. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of Outright to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Outright's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it was derived.

Sax CPAs LLP

New York, NY
March 28, 2024

OutRight Action International, Corp.

Statement of Financial Position

At June 30, 2023
(With comparative totals at June 30, 2022)

	June 30	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 808,522	\$ 20,252,274
Investments	20,961,102	1,041,222
Contributions receivable	2,298,235	2,924,700
Government grants receivable	1,406,352	312,221
Other receivables	49,424	41,116
Prepaid sub-grant expenses	771,251	682,046
Prepaid expenses	192,276	191,587
Fixed assets, net	50,956	54,671
Security deposits	68,333	68,333
Operating lease right-of-use ("ROU") asset	1,302,736	-
Cash restricted for endowment fund	18,354	18,354
TOTAL ASSETS	<u>\$ 27,927,541</u>	<u>\$ 25,586,524</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 803,885	\$ 389,862
Grants payable	340,958	-
Deferred revenue	81,390	935,833
Deferred rent	-	21,838
Operating lease liability	1,352,464	-
Total liabilities	<u>2,578,697</u>	<u>1,347,533</u>
NET ASSETS		
Without donor restrictions:		
Board designated		
Operating reserve	3,995,736	3,275,697
Vision fund	13,797,418	12,700,000
Total board designated	<u>17,793,154</u>	<u>15,975,697</u>
Undesignated	2,698,956	2,698,956
Total without donor restrictions	<u>20,492,110</u>	<u>18,674,653</u>
With donor restrictions	<u>4,856,734</u>	<u>5,564,338</u>
Total net assets	<u>25,348,844</u>	<u>24,238,991</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 27,927,541</u>	<u>\$ 25,586,524</u>

The attached notes and auditor's report are an integral part of these financial statements.

OutRight Action International, Corp.

Statement of Activities

For the Year Ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/23	Total 6/30/22
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 5,011,362	\$ 4,361,154	\$ 9,372,516	\$ 13,276,893
Government grants	3,184,871	-	3,184,871	1,945,576
Special events, net	421,534	-	421,534	310,754
Net investment return	1,541,857	-	1,541,857	1,836
Other income	20,999	-	20,999	1,802
Net assets released from restrictions	5,068,758	(5,068,758)	-	-
Total public support and revenue	15,249,381	(707,604)	14,541,777	15,536,861
EXPENSES				
Program services:				
Africa	1,641,675	-	1,641,675	1,969,513
Asia	1,042,411	-	1,042,411	1,709,558
Caribbean	470,883	-	470,883	546,320
Middle East	603,834	-	603,834	1,149,373
Research	177,952	-	177,952	683,201
Global programs	6,377,849	-	6,377,849	1,957,318
Total program services	10,314,604	-	10,314,604	8,015,283
Supporting services:				
Management and general	1,413,418	-	1,413,418	695,870
Fundraising	1,703,902	-	1,703,902	927,492
Total expenses	13,431,924	-	13,431,924	9,638,645
Change in net assets	1,817,457	(707,604)	1,109,853	5,898,216
NET ASSETS, beginning of year	18,674,653	5,564,338	24,238,991	18,340,775
NET ASSETS, end of year	\$ 20,492,110	\$ 4,856,734	\$ 25,348,844	\$ 24,238,991

The attached notes and auditor's report are an integral part of these financial statements.

OutRight Action International, Corp.

Statement of Functional Expenses

For the Year Ended June 30, 2023

(With comparative totals for the year ended June 30, 2022)

	Program Services						Supporting Services		Total Expenses 6/30/23	Total Expenses 6/30/22	
	Africa	Asia	Caribbean	Middle East	Research	Global Programs	Total Program Services	Management and General			Fundraising
Salaries	\$ 405,332	\$ 369,809	\$ 141,372	\$ 237,921	\$ 109,863	\$ 1,541,035	\$ 2,805,332	\$ 381,608	\$ 815,011	\$ 4,001,951	\$ 2,406,969
Payroll taxes and benefits	62,445	70,301	19,904	44,232	7,104	377,929	581,915	76,633	149,841	808,389	519,900
Total salaries, payroll taxes and benefits	467,777	440,110	161,276	282,153	116,967	1,918,964	3,387,247	458,241	964,852	4,810,340	2,926,869
Travel	352,383	157,652	85,290	88,172	15,685	555,814	1,254,996	-	108,981	1,363,977	177,172
Consultants	202,074	131,662	115,752	71,230	28,877	654,000	1,203,595	132,012	149,611	1,485,218	989,172
Accounting	-	-	-	-	-	-	-	489,624	-	489,624	263,762
Occupancy	29,768	15,841	7,156	9,176	2,704	96,924	161,569	23,794	46,782	232,145	204,335
Direct aid	439,976	249,334	85,197	46,714	2,237	2,896,509	3,719,967	-	-	3,719,967	4,459,155
Printing	2,434	6,086	678	869	256	9,189	19,512	2,654	5,668	27,834	5,985
Meetings	94,620	7,982	1,624	85,503	2,108	56,946	248,783	50,083	49,164	348,030	95,710
Telecommunications	773	2,100	185	772	465	3,530	7,825	1,065	2,274	11,164	10,122
Office and mailing	5,571	4,258	1,598	2,049	604	21,644	35,724	5,836	21,602	63,162	24,797
Dues, subscriptions, licenses and permits	5,707	4,116	1,530	2,034	881	30,576	44,844	99,552	40,871	185,267	121,876
Supplies	3,304	2,276	948	1,220	358	12,919	21,025	2,860	6,109	29,994	10,860
Equipment rental and purchase	8,598	5,620	2,419	3,101	4,391	36,320	60,449	32,385	4,342	97,176	110,425
Advertising and promotion	316	201	91	116	34	1,228	1,986	21,849	993	24,828	12,477
Insurance	2,168	1,128	510	654	193	6,903	11,556	1,618	3,355	16,529	6,518
Event expenses	-	-	-	-	-	-	-	-	472,597	472,597	253,808
Depreciation	716	454	205	263	78	2,780	4,496	612	1,306	6,414	5,746
Other expenses	25,490	13,591	6,424	9,808	2,114	73,603	131,030	91,233	99,855	322,118	136,557
Total expenses	1,641,675	1,042,411	470,883	603,834	177,952	6,377,849	10,314,604	1,413,418	1,978,362	13,706,384	9,815,346
Less: direct special event expenses	-	-	-	-	-	-	-	-	(274,460)	(274,460)	(176,701)
Total expenses for statement of activities	\$ 1,641,675	\$ 1,042,411	\$ 470,883	\$ 603,834	\$ 177,952	\$ 6,377,849	\$ 10,314,604	\$ 1,413,418	\$ 1,703,902	\$ 13,431,924	\$ 9,638,645

The attached notes and auditor's report are an integral part of these financial statements.

OutRight Action International, Corp.

Statement of Cash Flows

For the Year Ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,109,853	\$ 5,898,216
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities		
Depreciation	6,414	5,746
Net realized and unrealized (gain)/loss on investments	(1,013,563)	3,390
Donated securities	(15,359)	(22,219)
Changes in operating lease ROU asset and lease liability	49,728	-
Changes in assets and liabilities:		
Contributions receivable	626,465	(1,810,275)
Government grants receivable	(1,094,131)	(55,063)
Other receivables	(8,308)	(8,221)
Prepaid sub-grant expenses	(89,205)	(179,193)
Prepaid expenses	(689)	(161,752)
Accounts payable and accrued expenses	414,023	100,153
Deferred revenue	(854,443)	(220,138)
Deferred rent	(21,838)	21,838
Total adjustments	(2,000,906)	(2,325,734)
Net cash (used for)/provided by operating activities	(891,053)	3,572,482
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(32,012,045)	(23,228)
Sales of investments	13,462,044	20,874
Purchase of fixed assets	(2,698)	(53,663)
Net cash used for investing activities	(18,552,699)	(56,017)
Net (decrease)/increase in cash, cash equivalents and restricted cash	(19,443,752)	3,516,465
Cash, cash equivalents and restricted cash, <i>beginning of year</i>	20,270,628	16,754,163
Cash, cash equivalents and restricted cash, <i>end of year</i>	\$ 826,876	\$ 20,270,628
Cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 808,522	\$ 20,252,274
Cash restricted for endowment fund	18,354	18,354
Total cash, cash equivalents and restricted cash	\$ 826,876	\$ 20,270,628
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest and income tax	\$ -	\$ -

The attached notes and auditor's report are an integral part of these financial statements.

OutRight Action International, Corp.

Notes to Financial Statements

June 30, 2023

Note 1 - Nature of Entity

OutRight Action International, Corp. (“Outright”), formerly The International Gay and Lesbian Human Rights Commission, Inc., was incorporated in 1991 as a U.S. based not-for-profit organization headquartered in New York City.

Outright works at the international, regional, and national levels to research, defend, and advance human rights for LGBTIQ people around the world.

Outright partners directly with thousands of activists throughout the world to produce reliable data on the experiences of LGBTIQ people around the world and to develop effective advocacy and capacity building for LGBTIQ rights.

Outright provides training to partners and activists to develop their skills and expertise, for example, to combat homophobia and transphobia or to respond to violence based on sexual orientation, gender identity, or gender expression.

Outright vigilantly monitors and documents the discriminatory and life-threatening conditions LGBTIQ people face to spur action to stop human rights violations when they occur.

Outright has been notified by the Internal Revenue Service that it is a 501(c)(3) organization that is tax exempt under Section 509(a)(1) of the Internal Revenue Code and a similar provision of the New York State income tax laws.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of Outright have been prepared using the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Recently Adopted Accounting Pronouncement

Effective July 1, 2022, Outright adopted the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. Outright elected transition relief that allows entities, in the period of adoption, to present the current period under the FASB’s Accounting Standards Codification (“ASC”) 842 and the comparative period under FASB ASC 840. Outright also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing FASB ASU No. 2016-02, Outright recognized right-of-use (“ROU”) assets of \$1,466,937 and liabilities totaling \$1,488,775 in its statement of financial position as of July 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

OutRight Action International, Corp.

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

c. Basis of Presentation

Outright is required to report information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets without Donor Restrictions* - represents those resources for which there are no restrictions by donors as to their use. They are reflected on the financial statements as without donor restrictions.

Board-designated net assets include investments that have been designated by the board of directors to function as a reserve for operating contingences. Any portion of these funds may be expended upon approval of the board of directors. Investment income supports the current operations of Outright. Additionally, the board established the Vision Fund, which is intended to fund special opportunities, investments in infrastructure and one-time initiatives.

The following summarizes activity of the board designated net assets:

	June 30,	
	2023	2022
Balance - beginning of year	\$ 15,975,697	\$ 12,730,000
Additions	1,817,457	3,245,697
Balance - end of year	<u>\$ 17,793,154</u>	<u>\$ 15,975,697</u>

- *Net Assets with Donor Restrictions* - represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

d. Revenue Recognition

Outright follows the requirements of FASB ASC 606 for recognizing revenue from contracts with customers. Outright analyzes each source of revenue to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete.

Outright follows FASB ASC 958-605 for recording contributions, which are recognized at the time a contribution becomes unconditional in nature. Contributions that do not contain donor restrictions are recorded in the class of net assets without donor restrictions. Contributions that do contain donor restrictions are recorded in the class of net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified in the class of net assets without donor restrictions.

OutRight Action International, Corp.

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

d. Revenue Recognition - Continued

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

Outright's government grants are primarily conditional non-exchange transactions and fall under the scope of FASB ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue.

Unconditional promises to give that are expected to be received in less than one year are recorded at net realizable value. Those that are due in greater than one year are recorded at fair value which is calculated using risk adjusted present value techniques. Long-term promises to give are treated as time restricted until the period they are due, at which time they will be released from restriction and counted towards operations.

Management has reviewed the collectability of all receivables, factoring in judgement about the creditworthiness and age of the receivable, as well as historical experience. Based on that evaluation, management has determined that no reserve for doubtful accounts is warranted.

e. Cash and Cash Equivalents

All liquid investments that are not restricted or held by the investment custodian and have an initial maturity of three months or less are considered cash and cash equivalents.

f. Concentration of Credit Risk

Financial instruments, which potentially subject Outright to a concentration of credit risk consist of cash, money market accounts, and investment securities, which have been placed with financial institutions that management deems to be creditworthy. The market value of investments is subject to fluctuation; however, management believes that the investment policy is prudent for the long-term welfare of Outright. At year end and at certain times throughout the year, Outright had uninsured balances; however, no losses have been suffered due to the failure of any of these institutions.

g. Concentration of Grants and Contributions Receivable

Approximately 58% and 69% of grants and contributions receivable were from a small number of private foundations and government agencies at June 30, 2023 and 2022, respectively.

h. Investments

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Unrealized gains and losses are recognized in the statement of activities.

OutRight Action International, Corp.

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

i. Fixed Assets

Outright capitalizes property and equipment with a cost or fair value exceeding \$2,000 and a useful life of more than one year. Depreciation of property and equipment is charged on the straight-line method over the estimated useful lives of the respective assets as follows:

Computers and equipment - *5 years*

Furniture and fixtures - *7 years*

In-kind equipment - *3 years*

Leasehold improvements - *for the life of the lease*

j. Donated Services

Contributions of services that create or enhance non-financial assets, or require specialized skills, are performed by those who possess those skills and would typically have been purchased if they had not been donated, are recognized at fair value.

Most services requiring specific expertise are paid for; however, many individuals volunteer their time and perform a variety of tasks to assist with specific assistance programs, campaign solicitation, and various committee assignments. No amounts have been reflected in the financial statements for these types of donated services because they do not meet the criteria for recognition as outlined above.

k. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

l. Functional Allocation of Expenses

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

The following costs are allocated by time and effort:

- Salaries
- Payroll taxes and benefits
- Occupancy
- Printing
- Telecommunications
- Office and mailing
- Supplies
- Insurance
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

OutRight Action International, Corp.

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

m. Advertising Costs

Advertising costs are expensed as incurred.

n. Accounting for Uncertainty of Income Taxes

Outright does not believe its financial statements include any uncertain tax positions. Tax filings for the period ending June 30, 2020 and later are subject to examination by applicable taxing authorities.

o. Prior Year Comparative Financial 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Outright's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Note 3 - Investments and Fair Value Measurements

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that Outright has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

All investments were considered to be level 1 securities and consisted of the following:

	June 30,	
	2023	2022
Cash and money balances	\$ 8,254,211	\$ 1,038,877
Equities	12,706,891	2,345
Total	<u>\$ 20,961,102</u>	<u>\$ 1,041,222</u>

Level 1 securities are valued at the closing price reported on the active market they are traded on.

OutRight Action International, Corp.

Notes to Financial Statements

June 30, 2023

Note 3 - Investments and Fair Value Measurements - Continued

Net investment return consists of the following:

	June 30,	
	2023	2022
Interest and dividends	\$ 528,294	\$ 5,226
Realized and unrealized gain/(loss)	1,013,563	(3,390)
Total investment return	<u>\$ 1,541,857</u>	<u>\$ 1,836</u>

Note 4 - Contributions Receivable

Contributions receivable is expected in the following periods:

Year ending:		
	June 30, 2024	\$ 1,719,435
	June 30, 2025	564,900
	June 30, 2026	13,900
Total		<u>\$ 2,298,235</u>

Due to its immaterial nature, a discount to present value has not been recorded.

Note 5 - Fixed Assets

Fixed assets consist of the following:

	June 30,	
	2023	2022
Furniture and equipment	\$ 193,167	\$ 190,469
Leasehold improvements	10,918	10,918
	<u>204,085</u>	<u>201,387</u>
Less: accumulated depreciation	(153,129)	(146,716)
Total fixed assets, net	<u>\$ 50,956</u>	<u>\$ 54,671</u>

Note 6 - Net Assets with Donor Restrictions - Endowments

Outright's endowment in the amount of \$18,354 consists of the funds raised by a group of concerned individuals in the early years of the organization to help to sustain the future of Outright.

Outright maintains endowment assets in its operating account and reflects this as restricted cash on the statement of financial position. Due to the small amount, no spending policy has been established, nor are there any funds with deficiencies that are required to be disclosed.

OutRight Action International, Corp.

Notes to Financial Statements

June 30, 2023

Note 7 - Net Assets with Donor Restrictions

Net assets were released from restriction for the following:

	June 30,	
	2023	2022
Program restrictions:		
Africa	\$ 100,000	\$ -
Caribbean	37,138	174,464
Research	9,877	2,185
UN general	94,458	192,100
Emergency fund	17,303	2,749,047
Ukraine	1,690,034	1,236,027
Other programs	1,884,948	203,918
Total program restrictions	3,833,758	4,557,741
Time	1,235,000	1,649,980
Total	<u>\$ 5,068,758</u>	<u>\$ 6,207,721</u>

Net assets were restricted by donors for the following:

	June 30,	
	2023	2022
Program restrictions		
Africa	\$ 64,780	\$ 100,000
Asia	12,315	2,315
Caribbean	50,100	37,239
Research	62,938	72,815
UN general	930,542	1,025,000
Emergency fund	236,053	245,004
Ukraine	1,254,198	1,892,247
Other programs	2,107,434	816,344
Total program restrictions	4,718,360	4,190,964
Time	120,020	1,355,020
Endowment	18,354	18,354
Total	<u>\$ 4,856,734</u>	<u>\$ 5,564,338</u>

OutRight Action International, Corp.

Notes to Financial Statements

June 30, 2023

Note 8 - Special Events

Outright held an annual gala during the years ended June 30, 2023 and 2022. The financial summary of the special event is as follows:

	June 30,	
	2023	2022
Net proceeds	\$ 695,994	\$ 487,455
Less: expenses with a direct benefit to donors	<u>(274,460)</u>	<u>(176,701)</u>
	421,534	310,754
Less: other event expenses	<u>(198,137)</u>	<u>(77,107)</u>
Total	<u>\$ 223,397</u>	<u>\$ 233,647</u>

Note 9 - Operating Lease Right-of-Use Asset and Operating Lease Liability

In October 2020, Outright entered into a ten-year lease at a new, New York City location. Rental payments began in July of 2021. The ROU asset represents Outright's right to use the underlying asset for the lease term, and the lease liabilities represent Outright's obligation to make lease payments arising from this lease. The ROU asset and lease liability were calculated based on the present value of future lease payments over the lease terms.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended June 30, 2023:

Supplemental statement of activities information related to leases was as follows:

Operating lease cost	\$ 185,838
Total cost	<u>\$ 185,838</u>

Supplemental cash flow information related to leases was as follows:

Cash paid for amounts included in measurement of lease liabilities:

Operating cash outflows - payments on operating leases \$ 168,100

There were no noncash investing transactions related to leasing other than the transition entry described in Note 2b.

Average lease term and discount rate as of June 30, 2023 were as follows:

Weighted-average remaining lease term	
Operating lease	8 years
Weighted-average discount rate:	
Operating lease	2.90%

OutRight Action International, Corp.

Notes to Financial Statements

June 30, 2023

Note 9 - Operating Lease Right-of-Use Asset and Operating Lease Liability - Continued

Future annual minimum rent payments are as follows:

For the years ending June 30,

2024	\$	172,302
2025		176,610
2026		181,025
2027		189,551
2028		194,290
Thereafter		<u>612,502</u>
Total lease payments		1,526,280
Less: imputed interest		<u>(173,816)</u>
Total present value of lease liabilities	\$	<u><u>1,352,464</u></u>

Note 10 - Employee Benefits

Outright sponsors a retirement plan under Section 403(b) of the Internal Revenue Code. All full-time employees are eligible to participate or make voluntary contributions to the plan on the date of hire. Outright may make a discretionary non-elective contribution. Outright made contributions of \$136,161 and \$97,522 to the plan during the years ended June 30, 2023 and 2022, respectively.

Note 11 - Availability and Liquidity

Financial assets are available within one year of the date of the statement of financial position for general expenditure as follows:

Cash and cash equivalents	\$	808,522
Investments		20,961,102
Contributions receivable		2,298,235
Government grants receivable		1,406,352
Other receivables		<u>49,424</u>
Total financial assets		\$ 25,523,635
Less amounts not available for general expenditures:		
Board-designated net assets		(17,793,154)
Purpose restricted net assets		(4,718,360)
Long-term time restricted net assets		<u>(120,020)</u>
Total amounts not available for general expenditures		<u>(22,631,534)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>2,892,101</u></u>

OutRight Action International, Corp.

Notes to Financial Statements

June 30, 2023

Note 11 - Availability and Liquidity - Continued

As indicated in Note 2c, Outright has a board designated reserve, which is kept in a separate investment account. While these assets are not considered available for general expenditures by management, they can be made available if the need arises.

Note 12 - Subsequent Events

Subsequent events have been evaluated through March 28, 2024, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.