

**OUTRIGHT VERMONT**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**DECEMBER 31, 2021**

OUTRIGHT VERMONT

DECEMBER 31, 2021

TABLE OF CONTENTS

Independent Auditor's Report.....	1 – 2
Statement of Financial Position .....	3
Statement of Activities.....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7 – 12



# Tapia & Huckabay, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

206 Main Street #20 • P.O. Box 38 • Vergennes, VT 05491 • www.tapiahuckabay.com (802) 870-7086

## Independent Auditor's Report

To Management and the Board of Directors  
Outright Vermont  
Burlington, VT

### ***Opinion***

We have audited the accompanying financial statements of Outright Vermont (a Vermont nonprofit corporation) which comprise the statement of financial position as of December 31, 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of Outright Vermont as of December 31, 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

### ***Basis for Opinion***

We conducted our audit in accordance with U.S. generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are required to be independent of Outright Vermont 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 these financial statements in accordance with U.S. generally accepted accounting principles, 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 misstatements, 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 Vermont'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 of 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, 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 Outright Vermont's internal control. 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 evaluating 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 Outright Vermont's ability 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.

*Tapia & Duchabay, P.C.*

Vergennes, Vermont  
November 16, 2022  
Vermont Registration #108880

OUTRIGHT VERMONT  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021

	2021
<b>ASSETS</b>	
Cash and cash equivalents (Notes 1 & 4)	\$ 1,269,610
Grants and contributions receivable (Notes 1, 7 & 9)	441,653
Prepaid expenses and other current assets	13,672
Property and equipment, net of accumulated depreciation (Notes 6 & 12)	759,846
Beneficial interest in assets held by others (Notes 8 & 10)	30,277
<b>TOTAL ASSETS</b>	<b>\$ 2,515,058</b>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 7,304
Accrued payroll-related liabilities	15,716
Note payable (Note 12)	219,769
<b>Total Liabilities</b>	<b>242,789</b>
 <b>Net Assets: (Notes 1, 8, 9 &amp; 10)</b>	
Without donor restrictions	1,609,845
With donor restrictions	662,424
<b>Total Net Assets</b>	<b>2,272,269</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,515,058</b>

See accompanying notes to financial statements.

OUTRIGHT VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING SUPPORT AND REVENUE:			
Grants and contributions (Note 1, 9 & 13)	\$ 686,204	\$ 356,690	\$ 1,042,894
Special event revenue (Note 5)	178,094	-	178,094
Participant fees and training revenue	71,273	-	71,273
Other income	1,953	-	1,953
Change in beneficial interest in assets held by others (Note 10)	-	2,839	2,839
Net assets released from restrictions:			
Satisfaction of program restrictions	224,450	(224,450)	-
Satisfaction of time restrictions	<u>236,319</u>	<u>(236,319)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,398,293</u>	<u>(101,240)</u>	<u>1,297,053</u>
OPERATING EXPENSES AND LOSSES:			
Program services	693,200	-	693,200
Supporting services:			
Management and general	99,920	-	99,920
Fundraising	<u>117,312</u>	<u>-</u>	<u>117,312</u>
<b>TOTAL EXPENSES</b>	<u>910,432</u>	<u>-</u>	<u>910,432</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<u>487,861</u>	<u>(101,240)</u>	<u>386,621</u>
OTHER CHANGES:			
Capital campaign contributions (Notes 8 & 9)	-	104,183	104,183
Satisfaction of capital restrictions	<u>545,067</u>	<u>(545,067)</u>	<u>-</u>
<b>TOTAL OTHER CHANGES</b>	<u>545,067</u>	<u>(440,884)</u>	<u>104,183</u>
<b>CHANGE IN NET ASSETS</b>	1,032,928	(542,124)	490,804
NET ASSETS, beginning of year	<u>576,917</u>	<u>1,204,548</u>	<u>1,781,465</u>
NET ASSETS, end of year	<u>\$ 1,609,845</u>	<u>\$ 662,424</u>	<u>\$ 2,272,269</u>

See accompanying notes to financial statements.

OUTRIGHT VERMONT  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries & wages	\$ 318,106	\$ 45,126	\$ 66,040	\$ 429,272
Benefits & taxes	89,033	12,630	18,483	120,146
Consultants & subcontractors	112,190	16,681	2,150	131,021
Advertising	2,638	-	2,571	5,209
Bank, credit card & online processing fees	1,380	5,395	7,043	13,818
Camp room & board	36,914	-	-	36,914
Insurance	15,925	1,466	1,483	18,874
Membership dues	972	75	110	1,157
Occupancy costs	39,337	2,594	1,297	43,228
Office supplies	6,346	1,875	2,270	10,491
Other expenses	-	205	-	205
Program supplies	13,257	-	-	13,257
Postage & shipping	1,907	338	1,282	3,527
Printing	5,905	74	9,795	15,774
Professional development & employee appreciation	7,303	638	391	8,332
Professional fees	5,358	3,375	1,112	9,845
Technology & telecommunications	13,639	1,309	2,612	17,560
Travel & meeting expense	7,510	1,907	163	9,580
Depreciation	15,480	1,021	510	17,011
Interest	-	5,211	-	5,211
	<u>\$ 693,200</u>	<u>\$ 99,920</u>	<u>\$ 117,312</u>	<u>\$ 910,432</u>

See accompanying notes to financial statements.

OUTRIGHT VERMONT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$	490,804
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation		17,011
Change in beneficial interest in assets held by others		(2,839)
Capital campaign contributions received		(204,621)
(Increase) decrease in operating assets:		
Grants and contributions receivable		132,468
Prepaid expenses and other current assets		2,323
Increase (decrease) in operating liabilities:		
Accounts payable		2,158
Accrued payroll-related liabilities		2,362

NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		<u>439,666</u>
---	--	----------------

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment		<u>(766,761)</u>
------------------------------------	--	------------------

NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		<u>(766,761)</u>
---	--	------------------

CASH FLOWS FROM FINANCING ACTIVITIES:

Capital campaign contributions received		204,621
Proceeds from note payable		225,000
Principal payments on note payable		<u>(5,231)</u>

NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		<u>424,390</u>
---	--	----------------

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		97,295
--	--	--------

CASH AND CASH EQUIVALENTS:

Beginning of the year		<u>1,172,315</u>
End of the year	\$	<u><u>1,269,610</u></u>

Supplemental Data:

Interest paid	\$	5,211
---------------	----	-------

See accompanying notes to financial statements.



OUTRIGHT VERMONT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History of the Organization and Nature of Activities:

Incorporated in Vermont in 1989 and headquartered in Burlington, Outright Vermont (“OV” or “the Organization”) is a nonprofit corporation dedicated to building a Vermont where all LGBTQ+ youth have hope, equity and power. OV fulfills its mission by focusing its program work in three core areas: 1) helping youth discover themselves and supportive peer connections, 2) strengthening families and 3) transforming schools, communities and systems. OV’s dynamic suite of state-wide educational and youth support programs – tailored to reach its goals in each of its three core areas – includes the “Friday Night Group”, “Youth Drop In”, “Trans Group”, “Gender Creative Kids”, “Trans Parent Group”, and “Camp Outright.” The Organization’s support comes primarily from grants and contributions from individuals, businesses, foundations and government (including funds raised in conjunction with its special events) as well as participant fees and training revenue.

Financial Statement Presentation:

OV reports information regarding its financial position and activities according to two classes of net assets: those with donor restrictions and those without. Contributions received are recorded as one or the other depending on the existence and/or nature of any donor-imposed 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 and reported in the Statement of Activities as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the same period are shown as increases in net assets without donor restrictions. The transfer of assets with donor-imposed conditions is accounted for as a refundable advance, instead of as a contribution, until the conditions have been substantially met.

Use of 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.

Promises to Give:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at the present value of their estimated future cash flows. If material, the discounts on those amounts are computed using estimated market interest rates applicable to the years in which the promises are received (6% for 2021). Amortization of these discounts is reflected in contribution revenue. Conditional promises to give are not included in support until the conditions are substantially met.

OUTRIGHT VERMONT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents:

OV treats all highly liquid investments with an initial maturity of three months or less as cash equivalents.

Contributed Services:

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, a number of individuals volunteer their time and perform a variety of tasks that assist OV with its program and supporting activities.

NOTE 2 – INCOME TAXES

The Organization is exempt from federal income tax (on activities related to its tax-exempt purpose) as an organization described in Section 501(c)(3) of the Internal Revenue Code, and is classified as a publicly supported organization under Section 509(a)(1). Contributions to OV qualify for the charitable contribution deduction under Internal Revenue Code Section 170(b)(1)(A).

NOTE 3 – RETIREMENT PLAN

The Organization sponsors a “SIMPLE IRA” retirement plan covering all employees who meet certain age and service requirements. Employees can make elective deferrals to the plan up to statutory limits with OV making contributions of 2% of compensation for all eligible employees. Employer contributions were \$8,057 for 2021.

NOTE 4 – CONCENTRATION OF CASH ON DEPOSIT

OV has concentrated its credit risk by maintaining deposits in financial institutions that, at times, exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any unreasonable credit risk to cash.

NOTE 5 – SPECIAL EVENTS

Revenue from OV’s special events (substantially all of which is considered contribution revenue for tax reporting purposes) included \$54,549 from February 2021’s “Bernie’s Mittens” online auction and \$123,545 in sponsorships and fundraising associated with the September 2021 “Fire Truck Pull” (an annual event held virtually in 2021 due to COVID – 19).

OUTRIGHT VERMONT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2021:

Condominium unit and renovations	\$ 746,896
Equipment and furnishings	<u>37,883</u>
Sub-total	784,779
Less - accumulated depreciation	<u>(24,933)</u>
Net property and equipment	<u><u>\$ 759,846</u></u>

Additions to equipment are recorded at cost when purchased and at market value when donated. Depreciation, amounting to \$17,011 in 2021, is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Condominium unit and renovations	15 - 35 years
Equipment and furnishings	3 - 7 years

NOTE 7 – PROMISES TO GIVE (GRANTS AND CONTRIBUTIONS RECEIVABLE)

Unconditional promises to give consisted of the following at December 31, 2021:

Without donor restrictions (including amounts earned on cost-reimbursable government grants)	\$ <u>165,833</u>
With donor restrictions	
For operations in future years	57,750
For program evaluation	50,000
For educational activities	30,000
For other specific program activities	12,225
Capital campaign pledges	<u>151,445</u>
	<u>301,420</u>
Total unconditional promises to give	\$ <u><u>467,253</u></u>
Receivable in less than one year	\$ 352,453
Receivable in one to five years	56,800
Receivable in more than five years	<u>58,000</u>
Total unconditional promises to give	467,253
Less discounts to net present value	(25,600)
Less allowance for uncollectible promises	-
Net unconditional promises to give	<u><u>\$ 441,653</u></u>

Conditional promises to give at December 31, 2021 include approximately \$167,500 in funds remaining on reimbursement-type government grants. Conditional promises – that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

OUTRIGHT VERMONT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets had the following donor restrictions as of December 31, 2021:

	Time & Purpose Restrictions	Endowment Assets
Restricted for operations in future years	\$ 205,965	\$ -
Restricted to program evaluation	50,000	-
Restricted to capacity building	32,500	-
Restricted to educational activities	30,000	
Restricted to other specific program activities	94,725	
Unexpended capital campaign gifts	218,957	
Endowment net assets:		
Original gift amount	-	20,000
Unappropriated endowment appreciation	-	10,277
	<u>\$ 632,147</u>	<u>\$ 30,277</u>

NOTE 9 – CAPITAL CAMPAIGN AND PLEDGES RECEIVABLE

In 2019, the Organization embarked on an \$850,000 capital campaign to 1) purchase and renovate a condominium interest in its existing leased space, 2) fund up to three years of certain occupancy costs associated with the property, 3) create an “emergency repair fund” and 4) pay for the costs of the capital campaign itself. As of December 31, 2020, OV had raised \$686,951 (\$517,628 in gifts received and \$169,323 in net pledges receivable) and spent \$27,110 on campaign expenses yielding a balance in the capital campaign fund of \$659,841. Supplemented by a \$225,000 bridge loan from a commercial bank, the Organization purchased the condominium unit for \$509,513 in April 2021 and began renovations. \$237,384 in renovations were completed in December 2021 and another \$17,939 in furnishings were purchased for the space by year end, yielding total capital campaign property acquisitions of \$764,836. Netting the \$219,769 outstanding balance on the bridge loan at December 31, 2021 against the total property acquisitions yields the \$545,067 in “satisfaction of capital restrictions” shown in the “other changes” section of the Statement of Activities. During 2021, OV raised an additional \$161,143 in capital campaign gifts and pledges - of which \$56,960 was used to pay 2021 capital campaign fundraising costs and certain occupancy costs (and are therefore included in operating grants and contributions for the year) – leaving \$104,183 in capital campaign contributions shown in the “other changes” section in the Statement of Activities for the year. The \$218,957 balance in the capital campaign fund at December 31, 2021 (\$659,841 at December 31, 2020 plus new gifts and pledges of \$161,143, less \$545,067 in net capital acquisitions, less \$56,960 in capital campaign fundraising and occupancy expenses) includes \$93,112 in cash and \$125,845 in net capital campaign pledges receivable.

OUTRIGHT VERMONT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 10 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS AND ENDOWMENT NET ASSETS

In December 2016, the Company transferred \$20,000 in endowment gifts to the Vermont Community Foundation for the establishment of the “Camp Outright Fund” to benefit OV’s annual summer camp. Income earned by the fund (i.e. the allocable amount of earnings from the Foundation’s common pooled fund) is generally distributable to OV (at the direction of the Organization though no funds have been appropriated since the fund’s inception) on an annual basis. The Organization, however, has granted variance power to the Foundation which means that the Board of Trustees of the Foundation has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

NOTE 11 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs have been summarized on a functional basis in the Statement of Activities. The Organization allocates its payroll, tax and benefit costs based on estimated time worked by staff on the various program, general and administrative and fundraising activities. Other costs (such as office supplies and technology and communications) are attributable to and benefit one or more program or supporting services and are allocated based on the direct payroll allocation percentages discussed above. Occupancy, depreciation and insurance are allocated based on square footage estimates of the space used in the various functional category activities.

NOTE 12 – NOTE PAYABLE

As discussed in Note 9 above, in April 2021, OV signed a \$225,000 note payable with a commercial bank secured by substantially all of OV’s “business assets” (including a first mortgage on the condominium unit purchased in April 2021) and with a principal balance of \$219,769 at December 31, 2021. During the first five years of the loan, principal (on a 20-year amortization schedule) and interest (fixed at 3.5%) payments of \$1,305 are due monthly. On the fifth, tenth and fifteenth anniversaries, the interest rate resets to 1.5% over the “Boston Federal Home Loan Rate Amortizing Five (5) Year Rate” (1.67% at 12/31/21) – but no less than 3.5%. The loan is subject to a 2% prepayment penalty if OV refinances the loan with another bank within the first five years. Principal payments under the loan for 2022, 2023, 2024, 2025, 2026, and beyond are \$8,100, \$8,388, \$8,687, \$8,996, \$9,316 and \$176,282, respectively.

NOTE 13 – PAYCHECK PROTECTION PROGRAM INCOME

In March 2021, OV received a \$92,128 “Second Draw” Paycheck Protection Program (“PPP”) loan from a local bank. Since the Organization used the funds for allowable purposes under the program and retained its employees during the period from the loan date through the twenty four week measurement period ending in August 2021, it met the conditions for forgiveness contemplated in the loan, applied for such, and the loan was forgiven in November 2021 (with the \$92,138 forgiven amount recognized as income and included in grants and contributions on the Statement of Activities for 2021).

OUTRIGHT VERMONT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 14 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization’s working capital and cash flows have seasonal variations during the year attributable to the timing of program activities and special events. OV manages liquidity by investing surplus funds in its operating accounts and then withdrawing them as needed.

The following reflects the Organization’s financial assets as of December 31, 2021 reduced by amounts not available for general use within one year because of donor-imposed restrictions (if any). Amounts available include amounts that are available for general expenditure in the following year (i.e. time restricted donations).

Cash and cash equivalents	\$ 1,269,610
Operating receivables expected to be collected in the coming year	315,808
Subtract: net assets with donor restrictions for specific purposes	<u>(207,225)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>1,378,193</u></u>

NOTE 15 – SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated “events” subsequent to December 31, 2021 through November 16, 2022 (the date these financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.