

**THE NATIONAL LESBIAN AND GAY
LAW ASSOCIATION
dba THE NATIONAL LGBT BAR ASSOCIATION**

AUDITED FINANCIAL STATEMENTS

June 30, 2015

THE NATIONAL LESBIAN AND GAY LAW ASSOCIATION
AUDITED FINANCIAL STATEMENTS
June 30, 2015

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To the Board of Directors
The National Lesbian and Gay Law Association
Washington, DC

Independent Auditor's Report

We have audited the accompanying financial statements of The National Lesbian and Gay Law Association (NLGLA), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to NLGLA's preparation and fair presentation of the 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 NLGLA'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 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 financial statements referred to above present fairly, in all material respects, the financial position of NLGLA as of June 30, 2015, 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 previously audited NLGLA's June 30, 2014, financial statements, and we expressed an unmodified opinion on those financial statements in our report dated December 11, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Councilor, Buchanan + Mitchell, P.C.

Washington, DC
October 29, 2015

Certified Public Accountants

THE NATIONAL LESBIAN AND GAY LAW ASSOCIATION
STATEMENT OF FINANCIAL POSITION
June 30, 2015
(with summarized financial information for June 30, 2014)

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 58,488	\$ 34,476
Investments	138,203	138,038
Accounts receivable	1,572	4,405
Prepaid expenses	2,043	3,183
TOTAL CURRENT ASSETS	200,306	180,102
INVESTMENTS, DEFERRED COMPENSATION	6,408	4,018
PROPERTY AND EQUIPMENT		
Furniture and equipment	1,557	1,557
Less: accumulated depreciation	(1,142)	(623)
TOTAL PROPERTY AND EQUIPMENT	415	934
TOTAL ASSETS	\$ 207,129	\$ 185,054
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due to the Foundation	\$ 27,600	\$ 38,370
Deferred revenue	44,515	46,083
Accrued salaries	8,164	8,658
TOTAL CURRENT LIABILITIES	80,279	93,111
DEFERRED COMPENSATION PAYABLE	6,408	4,018
NET ASSETS		
Unrestricted	120,442	87,925
TOTAL NET ASSETS	120,442	87,925
TOTAL LIABILITIES AND NET ASSETS	\$ 207,129	\$ 185,054

The accompanying notes are an integral part of these financial statements.

THE NATIONAL LESBIAN AND GAY LAW ASSOCIATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015
(with summarized financial information for the year ended June 30, 2014)

	2015	2014
REVENUE		
Membership dues	\$ 101,847	\$ 106,868
Licensing agreement revenue	71,454	43,837
Donated office space	10,612	12,322
Investment income	347	749
Other income	20,724	16,492
TOTAL REVENUE	204,984	180,268
EXPENSES		
Program Services:		
American Bar Association	19,347	19,739
Member services	60,771	54,597
Outreach services	58,051	55,268
TOTAL PROGRAM SERVICES	138,169	129,604
Management and general	34,298	30,152
TOTAL EXPENSES	172,467	159,756
CHANGE IN NET ASSETS	32,517	20,512
NET ASSETS, BEGINNING OF YEAR	87,925	67,413
NET ASSETS, END OF YEAR	\$ 120,442	\$ 87,925

The accompanying notes are an integral part of these financial statements.

THE NATIONAL LESBIAN AND GAY LAW ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015
(with summarized financial information for the year ended June 30, 2014)

	<u>Program Services</u>			<u>Total Program Services</u>	<u>Management and General</u>	<u>2015 Total Expenses</u>	<u>2014 Total Expenses</u>
	<u>American Bar Association</u>	<u>Member Services</u>	<u>Outreach Services</u>				
Personnel related costs	\$ 13,391	\$ 35,670	\$ 44,534	\$ 93,595	\$ 26,312	\$ 119,907	\$ 110,022
Contract services	1,954	5,204	6,496	13,654	3,838	17,492	20,237
General and administrative	2,817	6,286	3,080	12,183	1,819	14,002	13,876
Conferences and meetings		10,454		10,454		10,454	3,298
Donated office space	1,185	3,157	3,941	8,283	2,329	10,612	12,323
Total	\$ 19,347	\$ 60,771	\$ 58,051	\$ 138,169	\$ 34,298	\$ 172,467	\$ 159,756

The accompanying notes are an integral part of these financial statements.

THE NATIONAL LESBIAN AND GAY LAW ASSOCIATION
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015
(with summarized financial information for the year ended June 30, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	\$ 32,517	\$ 20,512
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	519	519
Gain on investments	(165)	(92)
Decrease (increase) in accounts receivable	2,833	(3,985)
Decrease (increase) in prepaid expenses	1,140	(380)
(Decrease) increase in due to the Foundation	(10,770)	2,726
Decrease in deferred revenue	(1,568)	(3,741)
(Decrease) increase in accrued salaries	(494)	566
Increase in investments, deferred compensation	(2,390)	(2,455)
Increase in deferred compensation payable	2,390	2,455
NET CASH PROVIDED BY OPERATING ACTIVITIES	24,012	16,125
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-0-	(230,167)
Proceeds from the sales of investments	-0-	230,000
NET CASH USED IN INVESTING ACTIVITIES	-0-	(167)
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,012	15,958
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	34,476	18,518
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 58,488	\$ 34,476

The accompanying notes are an integral part of these financial statements.

THE NATIONAL LESBIAN AND GAY LAW ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE A - ORGANIZATION

The National Lesbian and Gay Law Association dba the National LGBT Bar Association (NLGLA) was incorporated in 1990. Its purposes are to promote justice in and through the legal profession for the lesbian, gay, bisexual, and transgender community (referred to collectively as the Community), and to provide a means to serve, develop, and support programs and activities to advance the Community.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of

Accounting

NLGLA's financial statements have been prepared on the accrual basis of accounting. Consequently revenue is recognized when earned and expenses when the obligation is incurred.

Income Taxes

NLGLA is exempt from U.S. Federal income taxes under Section 501(c)(6) of the Internal Revenue Code (IRC).

NLGLA requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. NLGLA does not believe its financial statements include, or reflect, any uncertain tax positions. NLGLA's IRS Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the federal and state authorities, generally for three years after they are filed.

**Cash and Cash
Equivalents**

NLGLA considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents except for amounts included in investments.

At times during the year, NLGLA maintained cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Investments

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the Statement of Activities.

**Property and
Equipment**

Property and equipment, which consist of furniture and office equipment, are stated at cost, if purchased or fair market value at date of donation, if contributed. NLGLA capitalizes all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

**Revenue
Recognition**

NLGLA recognizes member dues on a pro-rata basis over the annual membership period. NLGLA recognizes licensing agreement revenue when the related event has occurred.

THE NATIONAL LESBIAN AND GAY LAW ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classification Unrestricted net assets include unrestricted revenue and contributions received without donor-imposed restriction. These net assets are available for the operations of NLGLA.

Use of Estimates The preparation of financial statements in conformity 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. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Risks and Uncertainties NLGLA invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Reclassifications Certain 2014 amounts have been reclassified for comparative purposes.

Prior Year Information The financial statements include certain prior year summarized comparative totals as of and for the year ended June 30, 2014. 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 financial statements for the year ended June 30, 2014, from which the summarized information was derived.

NOTE C - DONATED OFFICE SPACE

Donated office space of approximately \$10,700 represents the fair value of the office space occupied by the NLGLA.

NOTE D - FAIR VALUE MEASUREMENTS

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

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include equity securities);

THE NATIONAL LESBIAN AND GAY LAW ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015

NOTE D - FAIR VALUE MEASUREMENTS (Continued)

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds and certificates of deposit);

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs to the determination of fair value require significant management judgment (examples include certain private equity securities and split interest agreements).

The following presents investments carried at fair value as of June 30, 2015:

Description	(Level 1)	(Level 2)	(Level 3)	Total
Money Market Fund	\$ 138,203			\$ 138,203
Total	\$ 138,203	\$ -0-	\$ -0-	\$ 138,203

NOTE E - RELATED PARTY TRANSACTIONS

NLGLA is related to The National Lesbian and Gay Law Foundation (the Foundation) through common purposes and sharing of personnel and operating expenses. The Executive Director of NLGLA serves in the same position at the Foundation; however, the two organizations have separate and independent Boards, and do not have majority voting interest in each other, so no controlling interest exists. Therefore, the financial statements of the NLGLA and Foundation are not consolidated.

The Foundation has entered into a licensing agreement with NLGLA for the Foundation's annual legal conference (the Conference). The terms of the agreement allows the Foundation to use the trademarks of NLGLA in promoting the Conference, as well as an agreement by the Foundation to pay NLGLA 25% of any profits derived from the Conference. For the year ended June 30, 2015, the Foundation paid approximately \$71,000 in royalties to NLGLA from the Conference.

NLGLA reimburses the Foundation for its use of the Foundation's employees and their share of operating expenses. As of June 30, 2015, NLGLA owed the Foundation approximately \$27,600.

NOTE F - RETIREMENT PLAN

A qualified plan (the Plan) under section 403(b) of the Internal Revenue Code was adopted by the NLGLA, covering all employees who meet certain eligibility requirements. Employees may make contributions to the Plan up to statutory limits. The NLGLA makes its share of discretionary contributions for all eligible employees.

Under this Plan, NLGLA's share of the contributions for the year ended June 30, 2015, totaled approximately \$4,300.

THE NATIONAL LESBIAN AND GAY LAW ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015

NOTE F - RETIREMENT PLAN (Continued)

Effective January 1, 2013, NLGLA elected the safe harbor method of meeting certain nondiscrimination requirements under the Internal Revenue Code with respect to the Plan.

NOTE G - DEFERRED COMPENSATION PLAN

Effective January 1, 2012, NLGLA adopted a deferred compensation plan (the Deferred Plan) under Section 457(b) of the Code. The Deferred Plan allows for certain management employees to defer a portion of their salary and to direct the investment of amounts deferred. The current value of NLGLA's share of the investment account has been recorded on the books as a separate asset with an offsetting liability for deferred compensation.

The investment account value and related deferred compensation payable liability are classified as Level 1 financial instruments.

NOTE H - SUBSEQUENT EVENTS

Subsequent events were evaluated through October 29, 2015, which is the date the financial statements were available to be issued.