



**NATIONAL LESBIAN AND GAY LAW FOUNDATION  
DBA THE NATIONAL LGBT FOUNDATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2018**

NATIONAL LESBIAN AND GAY LAW FOUNDATION

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JUNE 30, 2018

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## Independent Auditors' Report

To the Board of Directors  
National Lesbian and Gay Law Foundation  
DBA The National LGBT Foundation  
Washington, D.C.

We have audited the accompanying financial statements of National Lesbian and Gay Law Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2018, 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.

### *Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity'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 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 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 the Foundation as of June 30, 2018, 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.

To the Board of Directors  
National Lesbian and Gay Law Foundation

***Report on Summarized Comparative Information***

We have previously audited the Foundation's 2017 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 17, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Councilor, Buchanan & Mitchell, P.C.*

Washington, D.C.  
December 13, 2018

Certified Public Accountants

NATIONAL LESBIAN AND GAY LAW FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)

Assets	<u>2018</u>	<u>2017</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,140,349	\$ 1,003,087
Accounts Receivable	87,725	156,160
Prepaid Expenses	<u>31,708</u>	<u>54,420</u>
Total Current Assets	1,259,782	1,213,667
<b>Investments</b>	940,686	916,158
<b>Investments, Deferred Compensation</b>	49,104	38,118
<b>Property and Equipment</b>		
Furniture and Equipment	11,000	9,813
Less Accumulated Depreciation	<u>(8,981)</u>	<u>(7,796)</u>
Net Property and Equipment	2,019	2,017
<b>Security Deposit</b>	<u>3,225</u>	<u>3,450</u>
<b>Total Assets</b>	<u><u>\$ 2,254,816</u></u>	<u><u>\$ 2,173,410</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 45,058	\$ 44,771
Due to NLGLA	53,935	80,900
Deferred Revenue	<u>1,226,202</u>	<u>1,041,539</u>
Total Current Liabilities	1,325,195	1,167,210
<b>Deferred Compensation Payable</b>	49,104	38,118
<b>Net Assets</b>		
Unrestricted	865,211	968,082
Temporarily Restricted	<u>15,306</u>	<u>-</u>
Total Net Assets	<u>880,517</u>	<u>968,082</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 2,254,816</u></u>	<u><u>\$ 2,173,410</u></u>

See accompanying Notes to Financial Statements.

NATIONAL LESBIAN AND GAY LAW FOUNDATION

STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2018  
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
<b>Revenue</b>				
Conference Sponsorships	\$ 1,283,425	\$ -	\$ 1,283,425	\$ 1,135,260
Conference Registration	169,166	-	169,166	159,438
Corporation Counsel Ticket Sales	21,500	-	21,500	34,845
Grants and Contributions	69,688	75,000	144,688	27,870
Donated Space and Legal Services	231,612	-	231,612	299,672
Interest and Dividends	25,611	-	25,611	19,084
Investment Gain	2,310	-	2,310	19,145
Other Income	615	-	615	610
Net Assets Released from Restrictions	59,694	(59,694)	-	-
<b>Total Revenue</b>	<b>1,863,621</b>	<b>15,306</b>	<b>1,878,927</b>	<b>1,695,924</b>
<b>Expenses</b>				
Program Services				
Speaking/Outreach Services	351,479	-	351,479	569,599
Annual Conference and Career Fair	991,924	-	991,924	755,824
Gill Foundation Project	59,694	-	59,694	-
Other Programs	186,401	-	186,401	-
Advocacy	15,579	-	15,579	14,855
<b>Total Program Services</b>	<b>1,605,077</b>	<b>-</b>	<b>1,605,077</b>	<b>1,340,278</b>
Supporting Services				
Fundraising	307,029	-	307,029	183,341
Management and General	54,386	-	54,386	83,212
<b>Total Supporting Services</b>	<b>361,415</b>	<b>-</b>	<b>361,415</b>	<b>266,553</b>
<b>Total Expenses</b>	<b>1,966,492</b>	<b>-</b>	<b>1,966,492</b>	<b>1,606,831</b>
Change in Net Assets	(102,871)	15,306	(87,565)	89,093
Net Assets, Beginning of Year	968,082	-	968,082	878,989
<b>Net Assets, End of Year</b>	<b>\$ 865,211</b>	<b>\$ 15,306</b>	<b>\$ 880,517</b>	<b>\$ 968,082</b>

See accompanying Notes to Financial Statements.

NATIONAL LESBIAN AND GAY LAW FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED JUNE 30, 2018  
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	Program Services					Supporting Services				2018 Total Expenses	2017 Total Expenses
	Speaking/ Outreach Services	Annual Conference and Career Fair	Gill Foundation Project	Other Programs	Advocacy	Total Program Services	Fundraising	Management and General	Total Supporting Services		
Personnel Related Costs	\$ 73,341	\$ 132,229	\$ 14,001	\$ 86,904	\$ 9,492	\$ 315,967	\$ 182,648	\$ 34,640	\$ 217,288	\$ 533,255	\$ 450,807
Contract Services	34,375	142,178	43,313	44,026	4,516	268,408	92,760	16,454	109,214	377,622	223,623
Office and Operations	25,850	55,540	2,335	21,358	1,541	106,624	31,031	3,183	34,214	140,838	129,091
Conferences and Meetings	18,196	661,977	45	2,218	30	682,466	590	109	699	683,165	503,638
Donated Legal Services	199,717	-	-	31,895	-	231,612	-	-	-	231,612	299,672
<b>Total</b>	<b>\$ 351,479</b>	<b>\$ 991,924</b>	<b>\$ 59,694</b>	<b>\$ 186,401</b>	<b>\$ 15,579</b>	<b>\$ 1,605,077</b>	<b>\$ 307,029</b>	<b>\$ 54,386</b>	<b>\$ 361,415</b>	<b>\$ 1,966,492</b>	<b>\$ 1,606,831</b>

See accompanying Notes to Financial Statements.

NATIONAL LESBIAN AND GAY LAW FOUNDATION

STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2018  
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (87,565)	\$ 89,093
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	1,185	307
Realized and Unrealized Gain on Investments	(2,310)	(19,145)
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable	68,435	117,840
Due from NLGLA	-	19,912
Prepaid Expenses	22,712	(2,316)
Security Deposit	225	(1,200)
Investments, Deferred Compensation	(10,986)	(10,369)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Liabilities	287	4,525
Due to NLGLA	(26,965)	80,900
Deferred Revenue	184,663	110,604
Deferred Compensation Payable	10,986	10,369
Net Cash Provided by Operating Activities	<u>160,667</u>	<u>400,520</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of Property and Equipment	(1,187)	(1,612)
Purchases of Investments	(677,235)	(863,492)
Proceeds from Sales of Investments	655,017	848,535
Net Cash Used in Investing Activities	<u>(23,405)</u>	<u>(16,569)</u>
Net Increase in Cash and Cash Equivalents	137,262	383,951
Cash and Cash Equivalents, Beginning of Year	<u>1,003,087</u>	<u>619,136</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 1,140,349</u></u>	<u><u>\$ 1,003,087</u></u>

See accompanying Notes to Financial Statements.



NATIONAL LESBIAN AND GAY LAW FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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**1. ORGANIZATION**

National Lesbian and Gay Law Foundation dba The National LGBT Foundation (the Foundation) was incorporated in 1975. Its purposes are to promote activities that will enable lesbian and gay attorneys to become more proficient in their profession; to sponsor educational conferences and programs for lesbian and gay bar associations; and, study and educate the general public about the gay and lesbian community in their profession. The Foundation's support comes primarily from conference sponsorship and registration fees and from donor contributions.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting*

The Foundation'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*

The Foundation is exempt from U.S. federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been determined not to be a private foundation under Section 509(a) of the IRC.

The Foundation 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. The Foundation does not believe its financial statements include, or reflect, any uncertain tax positions. The Foundation's Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the federal and state authorities, generally for three years after filing.

*Cash and Cash Equivalents*

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

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

*Accounts Receivable*

Accounts receivable consists of sponsorship fees for the annual conference due from registered parties. The Foundation believes that these amounts are fully collectible and therefore, no allowance for doubtful accounts has been established.

*Investments*

Investments are recorded at fair value based on quotations on national exchanges for identical or similar investments. Realized and unrealized gains and losses are included in investment gain in the statement of activities.

NATIONAL LESBIAN AND GAY LAW FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Property and Equipment*

Property and equipment, which consist of furniture and equipment, are stated at cost, if purchased, or fair market value at date of donation, if contributed. The Foundation 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*

The Foundation recognizes sponsorship revenue and conference registration revenue when the related event has occurred.

*Grants*

Grants are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted support is recorded as unrestricted support if the restriction is satisfied in the same accounting period as the support is received.

*Individual Contributions*

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. The Foundation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted support is recorded as unrestricted support if the restriction is satisfied in the same accounting period as the support is received.

*Net Asset Classification*

Unrestricted net assets include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operations of the Foundation.

*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.

NATIONAL LESBIAN AND GAY LAW FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Risks and Uncertainties*

The Foundation 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 2017 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, 2017. 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, 2017, from which the summarized information was derived.

**3. RELATED PARTY TRANSACTIONS**

The Foundation is related to National Lesbian and Gay Law Association (NLGLA) through common purposes and sharing of personnel and operating expenses. The Executive Director of the Foundation serves in the same position at NLGLA; however, the two organizations have separate and independent Boards, and do not have majority voting interests in each other, so no controlling interest exists. Therefore, the financial statements of the Foundation and NLGLA 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 allow the Foundation to use the trademarks of NLGLA in promoting the Conference, as well as an agreement to pay NLGLA 25% of any profits derived from the Conference. For the year ended June 30, 2018, the NLGLA's share of the Conference profits was \$103,000 in royalties. As of June 30, 2018, the Foundation owed NLGLA \$53,935 of these royalties.

NLGLA reimburses the Foundation for its use of the Foundation's employees and their share of operating expenses and the Foundation collects membership revenue on behalf of NLGLA. For the year ended June 30, 2018, expenses allocated to NLGLA were approximately \$244,000 and revenue collected on behalf of NLGLA was approximately \$114,000. NLGLA did not owe anything to the Foundation as of June 30, 2018.

**4. DONATED LEGAL SERVICES**

The Foundation received donated legal services valued at approximately \$231,600 for the year ended June 30, 2018. Such amounts have been allocated fully to the Speaking/Outreach Services program.

NATIONAL LESBIAN AND GAY LAW FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**5. 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);

*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).

The following presents the Foundation's assets and liabilities measured at fair value as of June 30, 2018:

Description	Level 1	Level 2	Level 3	Total
Money Market Fund	\$ 555	\$ -	\$ -	\$ 555
Certificates of Deposit	-	191,128	-	191,128
Exchange-Traded Funds and Closer-End Funds	54,805	-	-	54,805
Mutual Funds	694,198	-	-	694,198
Total Investments at Fair Value	749,558	191,128	-	940,686
Investments Deferred Compensation				
Mutual Funds	49,104	-	-	49,104
Total Assets at Fair Value	<u>\$ 798,662</u>	<u>\$ 191,128</u>	<u>\$ -</u>	<u>\$ 989,790</u>
Deferred Compensation Liability	<u>\$ 49,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,104</u>
Total Liabilities at Fair Value	<u>\$ 49,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,104</u>

The Foundation's Level 2 investments are valued based on readily available pricing sources for comparable investments.

**6. RETIREMENT PLAN**

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

Under the Plan, contributions by the Foundation for the year ended June 30, 2018, totaled approximately \$14,300.

NATIONAL LESBIAN AND GAY LAW FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

**7. 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 the Foundation's share of the investment account has been recorded as a separate asset with an offsetting liability for deferred compensation.

**8. TEMPORARILY RESTRICTED NET ASSETS**

As of June 30, 2018, temporarily restricted net assets consisted of the following:

<u>Purpose</u>	<u>Amount</u>
Gill Foundation Grant	\$ 15,306
Total Temporarily Restricted Assets	<u>\$ 15,306</u>

For the year ended June 30, 2018, net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

<u>Purpose</u>	<u>Amount</u>
Gill Foundation Grant	\$ 59,694
Total Releases	<u>\$ 59,694</u>

**9. COMMITMENTS**

The Foundation is committed under agreements for hotel conference space through the calendar year 2018. The total commitments under the agreements are not determined as they depend upon attendance and other unknown factors. There are cancellation penalties that would be due if the agreements were cancelled prior to the event date. The amount of the cancellation penalties increases over time until the date of the event. Management does not believe any cancellations will occur.

**10. SUBSEQUENT EVENTS**

Subsequent events were evaluated through December 13, 2018, which is the date the financial statements were available to be issued.