THE LGBTQ+ BAR

NATIONAL LESBIAN AND GAY LAW ASSOCIATION
DBA THE NATIONAL LGBTQ+ BAR ASSOCIATION

FINANCIAL STATEMENTS

JUNE 30, 2021

NATIONAL LGBTQ+ BAR ASSOCIATION

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Independent Auditors' Report

Board of Directors
National Lesbian and Gay Law Association
DBA The National LGBTQ+ Bar Association
Washington, D.C.

We have audited the accompanying financial statements of National LGBTQ+ Bar Association (the Association), which comprise the statement of financial position as of June 30, 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.

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 Association as of June 30, 2021, 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.

Board of Directors
National LGBTQ+ Bar Association

Report on Summarized Comparative Information

We have previously audited the Association's 2020 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Councilor, Buchanan + Mitchell, P.C.

Certified Public Accountants

Washington, D.C.
December 2, 2021

NATIONAL LGBTQ+ BAR ASSOCIATION

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	2021	2020
Assets		
Cash and Cash Equivalents	**$ 165,554**	$ 162,132
Accounts Receivable	**12,623**	969
Due from Foundation	**351,721**	194,381
Prepaid Expenses	**7,378**	3,359
Investments	**168,996**	152,269
Investments, Deferred Compensation	**32,509**	24,102
Property and Equipment		
Furniture and Equipment	**3,886**	3,404
Less Accumulated Depreciation	**(3,331)**	(2,950)
Net Property and Equipment	**555**	454
Security Deposit	**3,544**	4,431
Total Assets	**$ 742,880**	$ 542,097
Liabilities and Net Assets		
Liabilities		
Deferred Revenue	**$ 51,369**	$ 51,073
Accrued Liabilities	**69,010**	53,078
Deferred Compensation Payable	**32,509**	24,102
Total Liabilities	**152,888**	128,253
Net Assets		
Net Assets Without Donor Restrictions	**589,992**	413,844
Total Net Assets Without Donor Restrictions	**589,992**	413,844
Total Liabilities and Net Assets	**$ 742,880**	$ 542,097

See accompanying Notes to Financial Statements.

NATIONAL LGBTQ+ BAR ASSOCIATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	2021	2020
Changes in Net Assets Without Donor Restrictions		
Revenue		
Membership Dues	**$ 115,454**	$ 109,305
Licensing Agreement Royalties	**233,552**	227,462
In-Kind Contributions	**48,631**	-
Interest and Dividends	**6,221**	5,997
Investment Gain (Loss)	**16,092**	(7,474)
Service Fees and Other Income	**52,357**	26,195
Total Revenue	**472,307**	361,485
Expenses		
Program Services		
American Bar Association	**16,329**	35,415
Member Services	**92,591**	67,073
Outreach Services	**89,750**	42,375
Advocacy	**6,549**	6,566
Total Program Services	**205,219**	151,429
Management and General	**90,940**	87,297
Total Expenses	**296,159**	238,726
Change in Net Assets Without Donor Restrictions	**176,148**	122,759
Net Assets Without Donor Restrictions, Beginning of Year	**413,844**	291,085
Net Assets Without Donor Restrictions, End of Year	**$ 589,992**	$ 413,844

See accompanying Notes to Financial Statements.

NATIONAL LGBTQ+ BAR ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	Program Services							
	American Bar Association	Member Services	Outreach Services	Advocacy	Total Program Services	Management and General	**2021 Total Expenses**	2020 Total Expenses
Personnel Related Costs	$ 13,959	$ 75,354	$ 35,150	$ 5,598	$ 130,061	$ 63,345	**$ 193,406**	$ 187,367
Contract Services	1,336	7,214	3,365	536	12,451	22,931	**35,382**	30,182
Office and Operations	1,034	10,023	2,604	415	14,076	4,664	**18,740**	21,177
Donated Legal Services	-	-	48,631	-	48,631	-	**48,631**	-
Total	$ 16,329	$ 92,591	$ 89,750	$ 6,549	$ 205,219	$ 90,940	**$ 296,159**	$ 238,726

See accompanying Notes to Financial Statements.

NATIONAL LGBTQ+ BAR ASSOCIATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	2021	2020
Cash Flows from Operating Activities		
Change in Net Assets	**$ 176,148**	$ 122,759
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities		
Depreciation	**381**	477
Investment (Gain) Loss	**(16,092)**	7,474
(Increase) Decrease in Assets		
Accounts Receivable	**(11,654)**	4,725
Due from Foundation	**(157,340)**	(116,408)
Prepaid Expenses	**(4,019)**	199
Investments, Deferred Compensation	**(8,407)**	(4,052)
Security Deposit	**887**	(3,543)
Increase (Decrease) in Liabilities		
Deferred Revenue	**296**	109
Accrued Liabilities	**15,932**	12,878
Deferred Compensation Payable	**8,407**	4,052
Net Cash Provided by Operating Activities	**4,539**	28,670
Cash Flows from Investing Activities		
Purchases of Property and Equipment	**(482)**	(329)
Purchases of Investments	**(79,065)**	(91,277)
Proceeds from the Sales of Investments	**78,430**	86,629
Net Cash Used in Investing Activities	**(1,117)**	(4,977)
Net Increase in Cash and Cash Equivalents	**3,422**	23,693
Cash and Cash Equivalents, Beginning of Year	**162,132**	138,439
Cash and Cash Equivalents, End of Year	**$ 165,554**	$ 162,132

See accompanying Notes to Financial Statements.

1. ORGANIZATION

The National Lesbian and Gay Law Association dba The National LGBTQ+ Bar Association (the Association) 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. The Association's support comes primarily from membership dues and licensing agreement royalties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Association'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 Association is exempt from U.S. federal income taxes under Section 501(c)(6) of the Internal Revenue Code (IRC).

The Association 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 Association does not believe its financial statements include, or reflect, any uncertain tax positions. The Association's Forms 990, *Return of Organization Exempt from Income Tax*, 990-T, *Exempt Organization Business Income Tax Return*, and D-20, *Corporate Franchise Tax Return*, are subject to examination by the federal and state authorities, generally for three years after filing.

Cash and Cash Equivalents

The Association 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 Association 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.

Investments

Investments are recorded at fair value based on quotations on national exchanges for identical or similar investments.

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 Association 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Net Asset Classification

The financial statements of the Association have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which requires the Association to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue Recognition

The Association recognizes membership dues on a pro-rata basis over the annual membership period. The Association recognizes licensing agreement royalties and service fees when the related event has occurred or the services are provided.

Payments received in advance for membership dues are recorded in the year of receipt as deferred revenues and recognized as revenues in the years they are earned.

Functional Allocation of Expenses

Certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel related costs which are allocated on the basis of time and effort by employees; office rent, depreciation, and other expenses included in office operations are also based on time allocated to programs. Expenses directly identifiable to specific programs and supporting activities are allocated accordingly.

Risks and Uncertainties

The Association 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior Year Information

The financial statements include certain prior year summarized comparative totals as of and for the year ended June 30, 2020. 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, 2020, from which the summarized information was derived.

Reclassifications

Certain 2020 amounts have been reclassified for comparative purposes.

3. ADOPTION OF ACCOUNTING STANDARDS CODIFICATION TOPIC 606

During the year ended June 30, 2021, the Association adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Management believes that the adoption of this standard provides better consistency and comparability across non-profit and for-profit entities. The standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP. This change in accounting principle was adopted using the modified retrospective method as of July 1, 2020. The impact of adoption was not material to the financial statements.

4. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Association regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. The Association has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities, and other obligations as they come due. The Association's working capital and cash flows come from the collection of membership dues and royalties that are received on an annual basis at various times throughout the year. Management is focused on sustaining the financial liquidity of the Association throughout the year. This is done through monitoring and reviewing the Association's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of the Association's cash flow related to the Association's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As of June 30, 2021, the following financial assets and liquidity resources are available for general expenditures in the year ending June 30, 2022:

Financial Assets	
Cash and Cash Equivalents	$ 165,554
Accounts Receivables Available for General Operations	12,623
Due from Foundation	351,721
Investments Available for Operating Purposes	168,996
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	$ 698,894

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 and split-interest agreements).

The following presents the Association's assets and liabilities measured at fair value as of June 30, 2021:

Description	Level 1	Level 2	Level 3	Total
Money Market Fund	$ 436	$ -	$ -	$ 436
Exchange-Traded Funds and Closer-End Funds	11,884	-	-	11,884
Mutual Funds	156,676	-	-	156,676
Total Investments at Fair Value	168,996	-	-	168,996
Investments, Deferred Compensation				
Mutual Funds	32,509	-	-	32,509
Total Assets at Fair Value	$ 201,505	$ -	$ -	$ 201,505
Deferred Compensation Liability	$ 32,509	$ -	$ -	$ 32,509
Total Liabilities at Fair Value	$ 32,509	$ -	$ -	$ 32,509

6. RELATED PARTY TRANSACTIONS

The Association is related to National LGBTQ+ Bar Foundation (the Foundation) through common purposes and sharing of personnel and operating expenses. The Executive Director of the Association serves in the same position at the Foundation; 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 Association and the Foundation are not consolidated.

The Foundation has entered into a licensing agreement with the Association for the Foundation's annual legal conference (the Conference). The terms of the agreement allow the Foundation to use the trademarks of the Association in promoting the Conference, as well as an agreement by the Foundation to pay the Association 25% of any profits derived from the Conference. For the year ended June 30, 2021, the Association's share of the Conference profits was approximately $234,000 in royalties. As of June 30, 2021, the Association was owed approximately $352,000.

The Association 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 the Association. For the year ended June 30, 2021, expenses allocated to the Association were approximately $243,000 and revenue collected on behalf of the Association was approximately $166,000. The Association did not owe anything to the Foundation as of June 30, 2021.

7. IN-KIND CONTRIBUTIONS

The Association received in-kind contributions valued at approximately $48,600 for the year ended June 30, 2021. Such amounts have been allocated to the Outreach Services program.

8. RETIREMENT PLAN

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

Under this Plan, the Association's share of the contributions for the year ended June 30, 2021, totaled approximately $5,680.

9. DEFERRED COMPENSATION PLAN

Effective January 1, 2012, the Association 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 Association's share of the investment account has been recorded as a separate asset with an offsetting liability for deferred compensation.

10. COVID-19 IMPACT

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofits around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, management continues to assess how best to adapt to changed circumstances.

11. SUBSEQUENT EVENTS

Subsequent events were evaluated through December 2, 2021, which is the date the financial statements were available to be issued.