THE LGBTQ+ BAR

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

FINANCIAL STATEMENTS

JUNE 30, 2022

TABLE OF CONTENTS
JUNE 30, 2022

CBM
CENTERED ON YOUR SUCCESS

7910 WOODMONT AVENUE
SUITE 500
BETHESDA, MD 20814
(T) 301.986.0600

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of National LGBTQ+ Bar Association (the Organization), which comprise the statement of financial position as of June 30, 2022, 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 the Organization as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Organization 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 the Organization'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 generally accepted auditing standards will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 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 the Organization'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 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 Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 2, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
December 9, 2022

Certified Public Accountants

NATIONAL LGBTQ+ BAR ASSOCIATION

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	2022	2021
Assets		
Cash and Cash Equivalents	**$ 167,011**	$ 165,554
Accounts Receivable	**7,327**	12,623
Due from Foundation	**402,825**	351,721
Prepaid Expenses	**2,354**	7,378
Investments	**150,309**	168,996
Investments, Deferred Compensation	**32,442**	32,509
Property and Equipment		
Furniture and Equipment	**4,881**	3,886
Less Accumulated Depreciation	**(3,689)**	(3,331)
Net Property and Equipment	**1,192**	555
Security Deposit	**3,544**	3,544
Total Assets	**$ 767,004**	$ 742,880
Liabilities and Net Assets		
Liabilities		
Deferred Revenue	**$ 48,345**	$ 51,369
Accrued Liabilities	**105,103**	69,010
Deferred Compensation Payable	**32,442**	32,509
Total Liabilities	**185,890**	152,888
Net Assets		
Net Assets Without Donor Restrictions	**581,114**	589,992
Total Net Assets Without Donor Restrictions	**581,114**	589,992
Total Liabilities and Net Assets	**$ 767,004**	$ 742,880

See accompanying Notes to Financial Statements.

NATIONAL LGBTQ+ BAR ASSOCIATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
Changes in Net Assets Without Donor Restrictions		
Revenue		
Membership Dues	**$ 108,876**	$ 115,454
Licensing Agreement Royalties	**224,856**	233,552
In-Kind Contributions	**-**	48,631
Interest and Dividends	**6,064**	6,221
Investment (Loss) Gain	**(27,914)**	16,092
Service Fees and Other Income	**81,165**	52,357
Total Revenue	**393,047**	472,307
Expenses		
Program Services		
American Bar Association	**17,625**	16,329
Member Services	**169,738**	92,591
Outreach Services	**46,010**	89,750
Advocacy	**7,050**	6,549
Total Program Services	**240,423**	205,219
Management and General	**161,502**	90,940
Total Expenses	**401,925**	296,159
Change in Net Assets Without Donor Restrictions	**(8,878)**	176,148
Net Assets Without Donor Restrictions, Beginning of Year	**589,992**	413,844
Net Assets Without Donor Restrictions, End of Year	**$ 581,114**	$ 589,992

See accompanying Notes to Financial Statements.

NATIONAL LGBTQ+ BAR ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	Program Services							
	American Bar Association	Member Services	Outreach Services	Advocacy	Total Program Services	Management and General	**2022 Total Expenses**	2021 Total Expenses
Personnel Related Costs	$ 14,778	$ 138,297	$ 38,579	$ 5,911	$ 197,565	$ 109,889	**$ 307,454**	$ 193,406
Contract Services	1,824	17,067	4,761	730	24,382	41,562	**65,944**	35,382
Office and Operations	1,023	14,374	2,670	409	18,476	10,051	**28,527**	18,740
Donated Legal Services	-	-	-	-	-	-	**-**	48,631
Total	$ 17,625	$ 169,738	$ 46,010	$ 7,050	$ 240,423	$ 161,502	**$ 401,925**	$ 296,159

See accompanying Notes to Financial Statements.

NATIONAL LGBTQ+ BAR ASSOCIATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
Cash Flows from Operating Activities		
Change in Net Assets	**$ (8,878)**	$ 176,148
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities		
Depreciation	**358**	381
Investment Loss (Gain)	**27,914**	(16,092)
(Increase) Decrease in Assets		
Accounts Receivable	**5,296**	(11,654)
Due from Foundation	**(51,104)**	(157,340)
Prepaid Expenses	**5,024**	(4,019)
Investments, Deferred Compensation	**67**	(8,407)
Security Deposit	**-**	887
Increase (Decrease) in Liabilities		
Deferred Revenue	**(3,024)**	296
Accrued Liabilities	**36,093**	15,932
Deferred Compensation Payable	**(67)**	8,407
Net Cash Provided by Operating Activities	**11,679**	4,539
Cash Flows from Investing Activities		
Purchases of Property and Equipment	**(995)**	(482)
Purchases of Investments	**(62,030)**	(79,065)
Proceeds from the Sales of Investments	**52,803**	78,430
Net Cash Used in Investing Activities	**(10,222)**	(1,117)
Net Increase in Cash and Cash Equivalents	**1,457**	3,422
Cash and Cash Equivalents, Beginning of Year	**165,554**	162,132
Cash and Cash Equivalents, End of Year	**$ 167,011**	$ 165,554

See accompanying Notes to Financial Statements.

1. ORGANIZATION

The National Lesbian and Gay Law Association dba 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.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Deferred Revenue

Deferred revenue consists of member dues received in advance. The balance of deferred revenue as of July 1, 2021, was approximately $51,000 and has been included in membership dues revenue for the year ended June 30, 2022.

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.

Prior Year Information

The financial statements include certain prior year summarized comparative totals as of and for the year ended June 30, 2021. 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, 2021, from which the summarized information was derived.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain 2021 amounts have been reclassified for comparative purposes.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Association's cash flows have seasonal variations due to the timing of membership dues, and royalties. The Association manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due. Excess funds are invested in mutual funds, exchange traded funds, and money market funds.

As of June 30, 2022, the following financial assets and liquidity resources are available for general expenditures in the year ending June 30, 2023:

Financial Assets	
Cash and Cash Equivalents	$ 167,011
Accounts Receivables	7,327
Due from Foundation	402,825
Investments	150,309
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	$ 727,472

4. RISKS AND UNCERTAINTIES

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.

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.

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).

5. FAIR VALUE MEASUREMENTS (CONTINUED)

The following presents the Association's assets and liabilities measured at fair value as of June 30, 2022:

Description	Level 1	Level 2	Level 3	Total
Money Market Fund	$ 893	$ -	$ -	$ 893
Exchange-Traded Funds and Closed-End Funds	10,352	-	-	10,352
Mutual Funds	139,064	-	-	139,064
Total Investments at Fair Value	150,309	-	-	150,309
Investments, Deferred Compensation Mutual Funds	32,442	-	-	32,442
Total Assets at Fair Value	$ 182,751	$ -	$ -	$ 182,751
Deferred Compensation Liability	$ 32,442	$ -	$ -	$ 32,442
Total Liabilities at Fair Value	$ 32,442	$ -	$ -	$ 32,442

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, 2022, the Association's share of the Conference profits was approximately $225,000 in royalties. As of June 30, 2022, the Association was owed approximately $403,000.

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, 2022, expenses allocated to the Association were approximately $375,000 and revenue collected on behalf of the Association was approximately $198,000. The Association did not owe anything to the Foundation as of June 30, 2022.

7. 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, 2022, totaled approximately $9,890.

8. 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.

8. DEFERRED COMPENSATION PLAN (CONTINUED)

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.

9. 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.

10. SUBSEQUENT EVENTS

Subsequent events were evaluated through December 9, 2022, which is the date the financial statements were available to be issued.