

**THE  
LGBTQ+  
BAR**

**NATIONAL LESBIAN AND GAY LAW FOUNDATION  
DBA THE NATIONAL LGBTQ+ BAR FOUNDATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

NATIONAL LGBTQ+ BAR FOUNDATION

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JUNE 30, 2021

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## Independent Auditors' Report

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

We have audited the accompanying financial statements of National LGBTQ+ Bar Foundation (the Foundation), 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 Foundation 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 Foundation

***Report on Summarized Comparative Information***

We have previously audited the Foundation'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.*

Washington, D.C.  
December 2, 2021

Certified Public Accountants

NATIONAL LGBTQ+ BAR FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

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

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 2,054,705	\$ 943,238
Contributions Receivable	9,923	468
Prepaid Expenses	262,021	215,269
Investments	1,077,185	968,049
Investments, Deferred Compensation	97,526	72,306
Property and Equipment		
Furniture and Equipment	14,332	12,887
Less Accumulated Depreciation	<u>(12,668)</u>	<u>(11,524)</u>
Net Property and Equipment	1,664	1,363
Security Deposit	<u>10,631</u>	<u>14,156</u>
<b>Total Assets</b>	<b><u>\$ 3,513,655</u></b>	<b><u>\$ 2,214,849</u></b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 74,300	\$ 139,448
Due to Association	351,721	194,381
PPP Refundable Advance	138,622	120,165
Refundable Advances	1,266,000	541,000
Deferred Revenue	114,651	106,452
Deferred Compensation Payable	<u>97,526</u>	<u>72,306</u>
Total Liabilities	2,042,820	1,173,752
<b>Net Assets</b>		
Without Donor Restrictions	<u>1,470,835</u>	<u>1,041,097</u>
Total Net Assets	<u>1,470,835</u>	<u>1,041,097</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 3,513,655</u></b>	<b><u>\$ 2,214,849</u></b>

See accompanying Notes to Financial Statements.

**NATIONAL LGBTQ+ BAR FOUNDATION**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2021**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)**

	2021	2020
<b>Changes in Net Assets Without Donor Restrictions</b>		
<b>Revenue</b>		
Conference Sponsorships	\$ 1,302,713	\$ 1,525,000
Conference Registration	147,890	212,979
Grants and Contributions	212,116	31,955
Speaking Fees	138,000	20,478
In-Kind Contributions	202,918	15,846
Interest and Dividends	37,657	35,948
Investment Gain (Loss)	88,199	(47,648)
Other Income	1,710	1,412
Net Assets Released from Restrictions	-	-
Total Revenue	2,131,203	1,795,970
<b>Expenses</b>		
Program Services		
Speaking/Outreach Services	342,330	182,352
Annual Conference and Career Fair	749,948	947,952
Other Programs	169,134	224,257
Advocacy	6,548	6,752
Total Program Services	1,267,960	1,361,313
Supporting Services		
Fundraising	292,493	285,473
Management and General	141,012	121,544
Total Supporting Services	433,505	407,017
Total Expenses	1,701,465	1,768,330
Change in Net Assets Without Donor Restrictions	429,738	27,640
Net Assets Without Donor Restrictions, Beginning of Year	1,041,097	1,013,457
<b>Net Assets Without Donor Restrictions, End of Year</b>	<b>\$ 1,470,835</b>	<b>\$ 1,041,097</b>

*See accompanying Notes to Financial Statements.*

**NATIONAL LGBTQ+ BAR FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)**

	Program Services				Supporting Services			2021 Total Expenses	2020 Total Expenses	
	Speaking/ Outreach Services	Annual Conference and Career Fair	Other Programs	Advocacy	Total Program Services	Fundraising	Management and General			Total Supporting Services
Personnel Related Costs	\$ 113,728	\$ 275,741	\$ 142,203	\$ 5,507	\$ 537,179	\$ 246,021	\$ 43,013	\$ 289,034	\$ 826,213	\$ 822,533
Contract Services	10,734	81,209	13,677	530	106,150	23,663	78,010	101,673	207,823	216,139
Office and Operations	14,641	40,891	12,868	496	68,896	22,141	19,917	42,058	110,954	134,818
Conferences and Meetings	309	352,107	386	15	352,817	668	72	740	353,557	578,994
Donated Legal Services	202,918	-	-	-	202,918	-	-	-	202,918	15,846
<b>Total</b>	<b>\$ 342,330</b>	<b>\$ 749,948</b>	<b>\$ 169,134</b>	<b>\$ 6,548</b>	<b>\$ 1,267,960</b>	<b>\$ 292,493</b>	<b>\$ 141,012</b>	<b>\$ 433,505</b>	<b>\$ 1,701,465</b>	<b>\$ 1,768,330</b>

*See accompanying Notes to Financial Statements.*

**NATIONAL LGBTQ+ BAR FOUNDATION**

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

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 429,738	\$ 27,640
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	1,144	1,430
Investment (Gain) Loss	(88,199)	47,648
<u>(Increase) Decrease in Assets</u>		
Contributions Receivable	(9,455)	13,732
Prepaid Expenses	(46,752)	(122,651)
Investments, Deferred Compensation	(25,220)	(12,156)
Security Deposit	3,525	(10,631)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Liabilities	(65,148)	62,400
Due to Association	157,340	116,409
PPP Refundable Advance	18,457	120,165
Refundable Advances	725,000	(419,500)
Deferred Revenue	8,199	(13,130)
Deferred Compensation Payable	25,220	12,156
	1,133,849	(176,488)
Net Cash Provided by (Used in) Operating Activities		
<b>Cash Flows from Investing Activities</b>		
Purchases of Property and Equipment	(1,445)	(987)
Purchases of Investments	(545,801)	(560,578)
Proceeds from Sales of Investments	524,864	528,645
	(22,382)	(32,920)
Net Cash Used in Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	1,111,467	(209,408)
Cash and Cash Equivalents, Beginning of Year	943,238	1,152,646
	\$ 2,054,705	\$ 943,238
<b>Cash and Cash Equivalents, End of Year</b>		

*See accompanying Notes to Financial Statements.*



# NATIONAL LGBTQ+ BAR FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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### 1. ORGANIZATION

National Lesbian and Gay Law Foundation dba The National LGBTQ+ Bar 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 Forms 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the taxing 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.

#### *Contributions Receivable*

Contributions 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.

NATIONAL LGBTQ+ BAR FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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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.

*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 Foundation have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which requires the Foundation 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 Foundation. These net assets may be used at the discretion of the Foundation'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 Foundation 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*

Grants and contributions are reported as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Restricted grants and contributions for which the restrictions are met in the year received are considered grants and contributions without donor restrictions for financial statement purposes. When a donor 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.

Conditional grants and contributions are not recorded as revenue until the related conditions have been satisfied. Amounts received for conditional grants are recorded as refundable advances until the conditions have been met. Grants and contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

NATIONAL LGBTQ+ BAR FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

*Revenue Recognition (Continued)*

Conditional sponsorships are recorded as refundable advances if received in advance of the related event and recognized as revenue as conditions are satisfied. Registration payments received in advance for the convention and other events are recorded in the year of receipt as deferred revenues and recognized as revenues when the event occurs. Speaking fees are recognized at the point in time that the event is held, or service is provided.

*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 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.

*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 Foundation 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.

# NATIONAL LGBTQ+ BAR FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

### 4. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. The Foundation 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 Foundation's working capital and cash flows come from the collection of conference revenues and grants and contributions that are received at various times throughout the year. Management is focused on sustaining the financial liquidity of the Foundation throughout the year. This is done through monitoring and reviewing the Foundation's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of the Foundation's cash flow related to the Foundation'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	\$ 2,054,705
Contributions Receivable Available for General Operations	9,923
Investments Available for Operating Purposes	<u>1,077,185</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 3,141,813</u>

### 5. RELATED PARTY TRANSACTIONS

The Foundation is related to National LGBTQ+ Bar Association (the Association) through common purposes and sharing of personnel and operating expenses. The Executive Director of the Foundation serves in the same position at the Association; 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 the Association 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 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 Foundation owed the Association 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.

### 6. 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);

**NATIONAL LGBTQ+ BAR FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**6. 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).

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

Description	Level 1	Level 2	Level 3	Total
Money Market Fund	\$ 1,544	\$ -	\$ -	\$ 1,544
Certificates of Deposit	-	-	-	-
Exchange-Traded Funds and Closed-End Funds	50,594	-	-	50,594
Mutual Funds	1,025,047	-	-	1,025,047
Total Investments at Fair Value	1,077,185	-	-	1,077,185
Investments Deferred Compensation				
Mutual Funds	97,526	-	-	97,526
Total Assets at Fair Value	<u>\$ 1,174,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,174,711</u>
Deferred Compensation Liability	<u>\$ 97,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,526</u>
Total Liabilities at Fair Value	<u>\$ 97,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,526</u>

**7. RETIREMENT PLAN**

A qualified plan (the Plan) under Section 403(b) of the Internal Revenue Code was adopted by the Foundation, 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, 2021, totaled approximately \$24,600.

**8. DEFERRED COMPENSATION PLAN**

Effective January 1, 2012, the Foundation 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.

**9. IN-KIND CONTRIBUTIONS**

The Foundation received in-kind contributions valued at approximately \$202,900 for the year ended June 30, 2021. Such amounts have been allocated to the Speaking/Outreach Services program.

# NATIONAL LGBTQ+ BAR FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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### 10. PPP REFUNDABLE ADVANCE

During 2020, the Foundation received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$120,165. The PPP provides cash-flow assistance through 100% federally guaranteed loans to eligible recipients to maintain payroll during the COVID-19 public health emergency and cover certain other expenses. If the Foundation maintains its workforce and meets certain requirements, up to 100% of the loan may be forgiven by the SBA. No more than 40% of the forgiven amount may be for non-payroll costs. Loans under PPP have an interest rate of 1% and may negotiate to a five-year maturity date, if not forgiven. The PPP loan was forgiven in full in May 2021 and is included in grants and contributions on the statement of activities for the year ended June 30, 2021.

During 2021, the Foundation received a second SBA loan under the PPP in the amount of \$138,622. The Foundation is accounting for this SBA loan as a conditional contribution since repayment has not been waived as of June 30, 2021, and as such the loan proceeds are shown as PPP Refundable Advance in the statement of financial position.

### 11. CONDITIONAL CONTRIBUTIONS

The Foundation has received conditional contributions as of June 30, 2021, of approximately \$1,266,000. Certain events must occur in order to meet the conditions. Accordingly, revenue has not been recorded for these conditional contributions as of June 30, 2021, and they have been recorded as refundable advances on the statement of financial position. In addition, approximately \$174,000 of conditional contributions have been pledged but not received as of June 30, 2021.

### 12. COMMITMENTS

The Foundation is committed under agreements for hotel conference space through the calendar year 2029. 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.

### 13. 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.

### 14. SUBSEQUENT EVENTS

The Foundation was notified in October 2021 that the second PPP loan was forgiven, in full.

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