

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

AUDITED FINANCIAL STATEMENTS

June 30, 2014

NATIONAL LESBIAN AND GAY LAW ASSOCIATION
AUDITED FINANCIAL STATEMENTS
June 30, 2014

Independent Auditor’s Report..... 1-2

Statement of Financial Position 3

Statement of Activities..... 4

Statement of Functional Expenses 5

Statement of Cash Flows 6

Notes to Financial Statements..... 7-10



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, 2014, 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 of 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 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 NLGLA as of June 30, 2014, 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, 2013 financial statements, and our report dated January 3, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Councilor, Buchanan + Mitchell, P.C.

Washington, DC
December 11, 2014

THE NATIONAL LESBIAN AND GAY LAW ASSOCIATION
STATEMENT OF FINANCIAL POSITION
June 30, 2014
(with summarized financial information for June 30, 2013)

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 34,476	\$ 18,518
Investments	138,038	137,779
Accounts receivable	4,405	420
Prepaid expenses	3,183	2,803
TOTAL CURRENT ASSETS	180,102	159,520
INVESTMENTS, DEFERRED COMPENSATION	4,018	1,563
PROPERTY AND EQUIPMENT		
Furniture and equipment	1,557	1,557
Less: accumulated depreciation	(623)	(104)
TOTAL PROPERTY AND EQUIPMENT	934	1,453
TOTAL ASSETS	\$ 185,054	\$ 162,536
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due to the Foundation	\$ 38,370	\$ 35,644
Deferred revenue	46,083	49,824
Accrued salaries	8,658	8,092
TOTAL CURRENT LIABILITIES	93,111	93,560
DEFERRED COMPENSATION PAYABLE	4,018	1,563
NET ASSETS		
Unrestricted	87,925	67,413
TOTAL NET ASSETS	87,925	67,413
TOTAL LIABILITIES AND NET ASSETS	\$ 185,054	\$ 162,536

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, 2014
(with summarized financial information for the year ended June 30, 2013)

	2014	2013
REVENUE		
Membership dues	\$ 106,868	\$ 103,767
Licensing agreement revenue	43,837	76,005
Donated office space	12,322	12,021
Investment income	749	196
Other income	16,492	6,865
TOTAL REVENUE	180,268	198,854
EXPENSES		
Program Services:		
American Bar Association	19,739	13,998
Member services	54,597	61,074
Outreach services	55,268	40,663
TOTAL PROGRAM SERVICES	129,604	115,735
Management and general	30,152	30,135
TOTAL EXPENSES	159,756	145,870
CHANGE IN NET ASSETS	20,512	52,984
NET ASSETS, BEGINNING OF YEAR	67,413	14,429
NET ASSETS, END OF YEAR	\$ 87,925	\$ 67,413

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, 2014
(with summarized financial information for the year ended June 30, 2013)

	Program Services			Total Program Services	Management and General	2014	2013
	American Bar Association	Member Services	Outreach Services			Total Expenses	Total Expenses
Personnel related costs	\$ 13,770	\$ 33,730	\$ 40,453	\$ 87,953	\$ 22,069	\$ 110,022	\$ 94,155
Contract services	2,420	6,828	7,110	16,358	3,879	20,237	15,789
General and administrative	2,007	6,963	3,174	12,144	1,732	13,876	19,351
Conferences and meetings		3,298		3,298		3,298	4,554
Donated office space	1,542	3,778	4,531	9,851	2,472	12,323	12,021
Total	\$ 19,739	\$ 54,597	\$ 55,268	\$ 129,604	\$ 30,152	\$ 159,756	\$ 145,870

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, 2014
(with summarized financial information for the year ended June 30, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	\$ 20,512	\$ 52,984
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	519	104
Gain on investments	(92)	(196)
(Increase) decrease in accounts receivable	(3,985)	220
Increase in prepaid expenses	(380)	(1,306)
Increase (decrease) in due to the Foundation	2,726	(60,323)
(Decrease) increase in deferred revenue	(3,741)	13,928
Increase in accrued salaries	566	8,092
Increase in investments, deferred compensation	(2,455)	(1,563)
Increase in deferred compensation payable	2,455	1,563
NET CASH PROVIDED BY OPERATING ACTIVITIES	16,125	13,503
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(230,167)	(100,000)
Proceeds from the sales of investments	230,000	100,026
Purchases of property and equipment	-0-	(1,557)
NET CASH USED IN INVESTING ACTIVITIES	(167)	(1,531)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,958	11,972
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	18,518	6,546
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 34,476	\$ 18,518

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

THE NATIONAL LESBIAN AND GAY LAW ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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.

THE NATIONAL LESBIAN AND GAY LAW ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 2013 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, 2013. 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, 2013, from which the summarized information was derived.

NOTE C - DONATED OFFICE SPACE

Donated office space of approximately \$12,300 represents the fair value of the office space occupied by the NLGLA.

THE NATIONAL LESBIAN AND GAY LAW ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2014

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);

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, 2014

Description	(Level 1)	(Level 2)	(Level 3)	Total
Money Market Fund	\$ 138,038			\$ 138,038
Total	\$ 138,038	\$ -0-	\$ -0-	\$ 138,038

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, 2014, the Foundation paid approximately \$43,000 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, 2014, NLGLA owed the Foundation approximately \$38,500.

THE NATIONAL LESBIAN AND GAY LAW ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2014

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, 2014 totaled approximately \$4,100.

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 - COMMITMENTS

NLGLA is committed under agreements for hotel conference space through the calendar year 2015. The total commitments under the agreements are not determined as it depends 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 through the date of the event. Management does not believe any cancellations will occur.

NOTE I - SUBSEQUENT EVENTS

Subsequent events were evaluated through December 11, 2014, which is the date the financial statements were available to be issued.