

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

AUDITED FINANCIAL STATEMENTS

June 30, 2014

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

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To the Board of Directors
The National Lesbian and Gay Law Foundation
Washington, DC

Independent Auditor's Report

We have audited the accompanying financial statements of the National Lesbian and Gay Law Foundation (the Foundation), 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 the Foundation 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 the Foundation'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 12, 2014

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

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 412,890	\$ 332,251
Investments	761,830	760,451
Accounts receivable	153,800	154,704
Due from NLGLA	38,370	35,644
Prepaid expenses	98,475	125,967
TOTAL CURRENT ASSETS	1,465,365	1,409,017
INVESTMENTS, DEFERRED COMPENSATION	12,055	4,688
PROPERTY AND EQUIPMENT		
Furniture and equipment	9,678	9,678
Less: accumulated depreciation	(6,876)	(4,427)
TOTAL PROPERTY AND EQUIPMENT	2,802	5,251
TOTAL ASSETS	\$ 1,480,222	\$ 1,418,956
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 60,590	\$ 37,938
Deferred revenue	767,737	764,823
TOTAL CURRENT LIABILITIES	828,327	802,761
DEFERRED COMPENSATION PAYABLE	12,055	4,688
NET ASSETS		
Unrestricted	630,995	611,507
Temporarily restricted	8,845	-0-
TOTAL NET ASSETS	639,840	611,507
TOTAL LIABILITIES AND NET ASSETS	\$ 1,480,222	\$ 1,418,956

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

THE NATIONAL LESBIAN AND GAY LAW FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014
(with summarized financial information for the year ended June 30, 2013)

	Unrestricted	Temporarily Restricted	Total 2014	Total 2013
REVENUE				
Sponsorships	\$ 928,228		\$ 928,228	\$ 849,979
Conference registration	187,526		187,526	177,000
Corporation counsel ticket sales	65,257		65,257	51,968
Individual contributions	7,098		7,098	3,669
Grants	11,155	\$ 8,845	20,000	-0-
Donated office space	36,965		36,965	36,063
Investment income	1,306		1,306	764
Other income	3,628		3,628	224
TOTAL REVENUE	1,241,163	8,845	1,250,008	1,119,667
EXPENSES				
Program Services:				
Speaking/Outreach Services	243,340		243,340	257,464
Annual Conference and Career Fair	856,014		856,014	631,385
American Bar Association	590		590	2,084
Advocacy	10,000		10,000	5,750
Tax Equity Project	1,155		1,155	-0-
TOTAL PROGRAM SERVICES	1,111,099	-0-	1,111,099	896,683
Supporting Services:				
Fundraising	32,773		32,773	16,433
Management and general	77,803		77,803	84,776
TOTAL SUPPORTING SERVICES	110,576	-0-	110,576	101,209
TOTAL EXPENSES	1,221,675	-0-	1,221,675	997,892
CHANGE IN NET ASSETS	19,488	8,845	28,333	121,775
NET ASSETS, BEGINNING OF YEAR	611,507	-0-	611,507	489,732
NET ASSETS, END OF YEAR	\$ 630,995	\$ 8,845	\$ 639,840	\$ 611,507

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

THE NATIONAL LESBIAN AND GAY LAW FOUNDATION
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	Supporting Services			2014 Total Expenses	2013 Total Expenses
	Speaking/ Outreach Services	Annual Conf. & Career Fair	American Bar Association	Tax Equity Advocacy Project			Fundraising	Mgmt and General	Total Supporting Services		
Personnel related costs	\$ 129,374	\$ 188,671				\$ 318,045	\$ 21,153	\$ 50,216	\$ 71,369	\$ 389,414	\$ 319,460
Contract services	34,244	128,112		\$ 10,000	\$ 1,155	173,511	6,563	15,580	22,143	195,654	125,921
General and administrative	22,342	61,190	\$ 590			84,122	2,553	6,063	8,616	92,738	78,288
Conferences and meetings	50,032	456,648				506,680	67	158	225	506,905	438,160
Donated office space	7,348	21,393				28,741	2,437	5,786	8,223	36,964	36,063
Total	\$ 243,340	\$ 856,014	\$ 590	\$ 10,000	\$ 1,155	\$ 1,111,099	\$ 32,773	\$ 77,803	\$ 110,576	\$ 1,221,675	\$ 997,892

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

THE NATIONAL LESBIAN AND GAY LAW FOUNDATION
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	\$ 28,333	\$ 121,775
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,449	1,204
Gain on investments	(173)	(764)
Decrease (increase) in accounts receivable	904	(14,454)
(Increase) decrease in due from NLGLA	(2,726)	60,323
Decrease (increase) in prepaid expenses	27,492	(86,477)
Increase in accounts payable and accrued liabilities	22,652	23,310
Increase in deferred revenue	2,914	114,206
Increase in investments, deferred compensation	(7,367)	(4,688)
Increase in deferred compensation payable	7,367	4,688
NET CASH PROVIDED BY OPERATING ACTIVITIES	81,845	219,123
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,392,000)	(774,023)
Proceeds from sales of investments	1,390,794	444,386
Purchases of property and equipment	-0-	(4,672)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(1,206)	(334,309)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	80,639	(115,186)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	332,251	447,437
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 412,890	\$ 332,251

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

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

NOTE A - ORGANIZATION

The 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.

NOTE B - 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 classified as an organization that is not a private foundation.

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 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**

The Foundation 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, the Foundation 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 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 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.

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 accomplished, temporarily restricted net assets are classified 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 met in the same accounting period as the support is received.
Individual Contributions	<p>Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional.</p> <p>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.</p> <p>When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.</p>
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 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.
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.

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 no allowance for doubtful accounts has been established.

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 \$37,000 represents the fair value of the office space occupied by the Foundation.

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).

Following is a description of the valuation methodology used for investments measured at fair market value.

Level 2 investments are valued based on readily available pricing source for comparable investments.

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

NOTE D - FAIR VALUE MEASUREMENTS (continued)

The following presents investments carried at fair value as of June 30, 2014:

Description	(Level 1)	(Level 2)	(Level 3)	Total
Money Market Fund	\$ 136,972			\$ 136,972
Certificates of Deposit		\$ 624,858		624,858
Total	\$ 136,972	\$ 624,858	\$ -0-	\$ 761,830

NOTE E - RELATED PARTY TRANSACTIONS

The Foundation is related to the 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 interest 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 allows 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, 2014 the Foundation paid approximately \$43,000 in royalties to NLGLA from the Conference.

NLGLA reimburses the Foundation for its use of the Foundation employees and their share of operating expenses. As of June 30, 2014, NLGLA owed the Foundation approximately \$38,500.

NOTE F - RETIREMENT PLANS

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 this Plan, contributions by the Foundation for the year ended June 30, 2014, totaled approximately \$12,000.

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.

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

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 the Foundation'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 - TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2014 temporarily restricted net assets are available for the following purposes:

Purpose	
Military Justice Project	\$ 5,000
Tax Project	3,845
Total temporarily restricted net assets	\$ 8,845

NOTE I - COMMITMENTS

The Foundation 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 J - SUBSEQUENT EVENTS

Subsequent events were evaluated through December 12, 2014, which is the date the financial statements were available to be issued.