

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

AUDITED FINANCIAL STATEMENTS

June 30, 2015

THE NATIONAL LESBIAN AND GAY LAW FOUNDATION
AUDITED FINANCIAL STATEMENTS
June 30, 2015

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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, 2015, 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 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 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 Foundation'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 Foundation'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, 2015, 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, 2014, financial statements, and we expressed an unmodified opinion on those financial statements in our report dated December 12, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Councilor, Buchanan + Mitchell, P.C.

Washington, DC
October 29, 2015

Certified Public Accountants

THE NATIONAL LESBIAN AND GAY LAW FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2015
(with summarized financial information for June 30, 2014)

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 526,062	\$ 412,890
Investments	863,203	761,830
Accounts receivable	109,410	153,800
Due from NLGLA	27,600	38,370
Prepaid expenses	46,373	98,475
TOTAL CURRENT ASSETS	1,572,648	1,465,365
INVESTMENTS, DEFERRED COMPENSATION	19,224	12,055
PROPERTY AND EQUIPMENT		
Furniture and equipment	7,346	9,678
Less: accumulated depreciation	(6,102)	(6,876)
TOTAL PROPERTY AND EQUIPMENT	1,244	2,802
TOTAL ASSETS	\$ 1,593,116	\$ 1,480,222
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 59,810	\$ 60,590
Deferred revenue	771,818	767,737
TOTAL CURRENT LIABILITIES	831,628	828,327
DEFERRED COMPENSATION PAYABLE	19,224	12,055
NET ASSETS		
Unrestricted	742,264	630,995
Temporarily restricted	-0-	8,845
TOTAL NET ASSETS	742,264	639,840
TOTAL LIABILITIES AND NET ASSETS	\$ 1,593,116	\$ 1,480,222

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, 2015
(with summarized financial information for the year ended June 30, 2014)

	Unrestricted	Temporarily Restricted	Total 2015	Total 2014
REVENUE				
Sponsorships	\$ 969,144		\$ 969,144	\$ 928,228
Conference registration	210,924		210,924	187,526
Corporation counsel ticket sales	62,227		62,227	65,257
Individual contributions	26,745		26,745	7,098
Grants	13,600		13,600	20,000
Donated spaces and services	284,740		284,740	36,965
Investment income	1,360		1,360	1,306
Other income	8,420		8,420	3,628
Releases from restriction	8,845	\$ (8,845)	-0-	-0-
TOTAL REVENUE	1,586,005	(8,845)	1,577,160	1,250,008
EXPENSES				
Program Services:				
Speaking/Outreach Services	237,137		237,137	243,340
Annual Conference and Career Fair	1,022,533		1,022,533	856,014
American Bar Association	-0-		-0-	590
Advocacy	3,600		3,600	10,000
Tax Equity Project	13,845		13,845	1,155
TOTAL PROGRAM SERVICES	1,277,115	-0-	1,277,115	1,111,099
Supporting Services:				
Fundraising	47,680		47,680	32,773
Management and general	149,941		149,941	77,803
TOTAL SUPPORTING SERVICES	197,621	-0-	197,621	110,576
TOTAL EXPENSES	1,474,736	-0-	1,474,736	1,221,675
CHANGE IN NET ASSETS	111,269	(8,845)	102,424	28,333
NET ASSETS, BEGINNING OF YEAR	630,995	8,845	639,840	611,507
NET ASSETS, END OF YEAR	\$ 742,264	\$ -0-	\$ 742,264	\$ 639,840

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, 2015
(with summarized financial information for the year ended June 30, 2014)

	Program Services				Total Program Services	Supporting Services			2015 Total Expenses	2014 Total Expenses
	Speaking/ Outreach Services	Annual Conf. & Career Fair	Advocacy	Tax Equity Project		Fundraising	Mgmt and General	Total Supporting Services		
Personnel related costs	\$ 98,760	\$ 199,926			\$ 298,686	\$ 22,237	\$ 68,505	\$ 90,742	\$ 389,428	\$ 389,414
Contract services	21,570	108,898		\$ 4,200	134,668	5,408	24,359	29,767	164,435	195,654
General and administrative	15,082	57,002			72,084	1,679	10,173	11,852	83,936	92,738
Conferences and meetings	55,244	493,276	\$ 3,600		552,120	19	59	78	552,198	506,905
Donated spaces	30,497	22,845			53,342	2,563	1,660	4,223	57,565	36,964
Donated legal services	15,984	140,586		9,645	166,215	15,774	45,185	60,959	227,174	-0-
Total	\$ 237,137	\$ 1,022,533	\$ 3,600	\$ 13,845	\$ 1,277,115	\$ 47,680	\$ 149,941	\$ 197,621	\$ 1,474,736	\$ 1,221,675

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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, 2015
(with summarized financial information for the year ended June 30, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	\$ 102,424	\$ 28,333
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,557	2,449
Gain on investments	(1,372)	(173)
Decrease in accounts receivable	44,390	904
Decrease (increase) in due from NLGLA	10,770	(2,726)
Decrease in prepaid expenses	52,102	27,492
(Decrease) increase in accounts payable and accrued liabilities	(780)	22,652
Increase in deferred revenue	4,081	2,914
Increase in investments, deferred compensation	(7,169)	(7,367)
Increase in deferred compensation payable	7,169	7,367
NET CASH PROVIDED BY OPERATING ACTIVITIES	213,172	81,845
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(100,000)	(1,392,000)
Proceeds from sales of investments	-0-	1,390,794
NET CASH USED IN INVESTING ACTIVITIES	(100,000)	(1,206)
NET INCREASE IN CASH AND CASH EQUIVALENTS	113,172	80,639
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	412,890	332,251
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 526,062	\$ 412,890

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

THE NATIONAL LESBIAN AND GAY LAW FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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.

**Revenue
Recognition**

The Foundation recognizes sponsorship revenue and conference registration revenue when the related event has occurred.

THE NATIONAL LESBIAN AND GAY LAW FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional.

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.

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.

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.

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.

THE NATIONAL LESBIAN AND GAY LAW FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications Certain 2014 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, 2014. 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, 2014, from which the summarized information was derived.

NOTE C - DONATED SPACES AND LEGAL SERVICES

Donated office and conference spaces of approximately \$57,600 and legal services of approximately \$227,200 represent the fair value of the spaces occupied by the Foundation and pro bono legal services provided by a law firm.

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 following presents investments carried at fair value as of June 30, 2015:

Description	(Level 1)	(Level 2)	(Level 3)	Total
Money Market Fund	\$ 763,243			\$ 763,243
Certificates of Deposit		\$ 99,960		99,960
Total	\$ 763,243	\$ 99,960	\$ -0-	\$ 863,203

THE NATIONAL LESBIAN AND GAY LAW FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015

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, 2015, the Foundation paid approximately \$71,000 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, 2015, NLGLA owed the Foundation approximately \$27,600.

NOTE F - RETIREMENT PLAN

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, 2015, totaled approximately \$12,300.

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 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.

THE NATIONAL LESBIAN AND GAY LAW FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015

NOTE H - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets released from restrictions during the year ended June 30, 2015, are as follows:

Purpose	
Military Justice Project	\$ 5,000
Tax Project	3,845
Total	\$ 8,845

NOTE I - COMMITMENTS

The Foundation is committed under agreements for hotel conference space through the calendar year 2016. 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 October 29, 2015, which is the date the financial statements were available to be issued.